SECURING THE BENEFITS OF PRIVATE ENTERPRISE FOR THE LAMB AND WOOL INDUSTRY

Mr. Chairman, Secretary Coke, Director Paul, members of the California Wool Growers Association and friends I was honored to receive your invitation to meet with you. I am pleased to see again old friends like Chet Wing, Ken Sexton and Gordon Van Vleck, and my colleagues in the California Department of Agriculture. If I looked close enough, I might even see a turkey spy in the audience.

I congratulate you on the selection of San Francisco as a place to meet. This is America's most wonderful city. I wish I could unpack my bags here.

Your industry faces serious problems. Your Department of Agriculture stands ready to work with you in any way which you through your legislators make it possible for us to help you.

There are many things I could talk with you about which would not be inappropriate on this occasion.

I could review for you many statistics of your industry -- something that is commonly done, but you can find statisticians who know these figures better than I.

I could talk to you about the Kennedy Administration's Agricultural record in the first eight months -- the first Executive Order signed by the President was the move to distribute our abundance to the needy -- the first major piece of legislation was the Feed Grain Bill -- and the first long-range plans submitted to the Congress (the enabling portion of the Agricultural Act of 1961) were all agricultural measures. Agriculture is in the forefront of the Kennedy Administration.

I could talk to you about the tremendous team that President Kennedy has put together in your Department of Agriculture. Orville Freeman of Minnesota, a man whose dedication is surpassed only by his energy.

Address by Dr. James T. Ralph, Assistant Secretary of Agriculture, at the meeting of the California Wool Growers Association. San Francisco, California, August 10, 1961

A Secretary determined to correct the misdirection that has been given to thinking on agriculture in recent years. A person who would lead us to think of our capacity to produce in terms of an asset rather than a liability.

Charles Murphy of North Carolina, a distinguished lawyer skilled in the ways of Government.

John Duncan, former President of one of the finest farm organizations in America -- The Georgia Farm Bureau Federation -- although a relatively large farmer himself -- completely devoted to the cause of assisting smaller farmers to share in America's abundance.

Frank Welch, Dean of two Agricultural Colleges in his time and probably the outstanding man of the Land Grant College System of America.

I could talk to you about our distinguished corps of career people in the Department; many of them you know better than I. We have the finest staff of any Department in Government, not just because of their intelligence and ability, but moreso, their dedication, their pride in the industry they serve and their loyalty to the cause of American agriculture. Many of them stay in Agriculture because of that loyalty and pride when their training and ability would get them better positions in other Departments.

Generally speaking, when you invite someone from the policy level of administration you at least half-way expect him to stick his neck out and say something he may be criticized for. Certainly if a man is unwilling to elevate his head or his ideas to the target level he should not be in such a position. To borrow a phrase of one of the great men of our times, "If you can't stand the heat stay out of the kitchen".

With that in mind let me give you my interpretation of the history of public policy in America as it affects the income and the welfare of the people in agriculture and the sheep industry. That history is interwoven with several factors. First, it is laced in with the founding of our country and the social or economic system embraced by our founding fathers.

Next, it is affected (and I might say more so than many have noticed) by a tremendous struggle which took place in our country some years ago to resolve a difference in the type of enterprise we have. And third, your industry has been affected by the many attempts to increase the bargaining strength of the individual entrepreneur in agriculture so that he too might enjoy the fruits of our system.

When our forefathers began this great adventure of a nation under democratic government with equal opportunities for all, they embraced a social and an economic system based on two principles; widespread ownership of productive resources; and private enterprise with competition. The founders of our country did not chance upon these principles by accident. Our ancestors were motivated primarily by the spirit of rebellion. Rebellion against a system that they had observed in the countries from which they came.

Our fathers had witnessed the stifling effect that concentrated ownership of property had upon individual initiative and man's willingness to work. A system like communism where all goods are produced to increase the wealth of the ruler or the State rather than the individual.

Our founding fathers believed if each man is allowed to pursue his own selfish interest he will produce more goods for the good of society. This phrase may sound harsh to you but this is the rationale of private capitalism or the Western way of life. It means only that if men can share in the bounty they create they will work harder to create more.

This is the reason that our system has worked. All segments in our country know they can profit from the fruits of their labor and investment. So they invest more and work more to produce more to be enjoyed by all of us. Our social and economic system is the most workable, the most practical and the most successful man has ever known.

A. CONFLICT OF INTERPRETATION

As time passed by, a conflict developed as to how our system was supposed to function. Such conflicts are, of course, now uncommon in the development of any way of life. Even the communists with their rigid discipline have internal conflicts as to how they should function. This conflict might be described by the use of two ordinary present-day terms. One, free enterprise and another private enterprise.

One group in our country, predominately agricultural (although partly commercial), wanted what should be termed free enterprise; that is they wanted free trade, free prices, free markets, freedom for anyone to produce or market any good or service, freedom for anyone to enter into any market.

The other group, primarily industrial (although partly financial), wanted private enterprise with restrictions on entry into both producing and marketing. Restrictions at that time took the form of tariffs. They wanted tariffs on goods being imported into this country from Europe. The agricultural group thought their interest would be better served by completely free enterprise or free trade so they could sell farm products at a good price in the markets of Europe and buy manufactured goods from the same place without paying a duty on those goods as they entered this country.

The private enterprise, high tariff group won that struggle and our country has been dominated by the philosophy of regulated capitalism or restricted private enterprise ever since.

B. SIGNIFICANCE OF THE STRUGGLE

Since the end of this struggle, those industries which accepted the private enterprise philosophy have grown and have prospered. On the other hand those industries, mainly agricultural, which attempted to compete with private enterprise industries for goods and services while selling their products in a free market themselves have generally been in trouble except in time of war.

This is especially true of our surplus agricultural industries. 1/ Without the advantage of almost free land agricultural industries selling their products in free markets would have come to the government long before they did seeking relief. 2/

The relatively free enterprise and free trade sector of our economy suffered at a disadvantage without any action to alleviate their price or income problem until 1929. Some action was taken which appeared to benefit Agriculture. More thorough investigation, however, indicated more benefit to the public as a whole than to farmers.

1/ Those who must sell a portion of their product to an overseas market and then buy goods and services here from protected industries at a price which is supported by a tariff barrier.

2/ It is interesting to note that although wheat and grain farmers of the Great Plains area and of California had an economic interest in common with the cotton, rice and tobacco farmers of the South, in that free trade would have benefited them more than the tariff barriers, the emotions of the Civil War caused these people to align themselves with the cause of high tariffs. A majority of the country may have been for free trade but the free trade forces were unable to muster sufficient votes for any form of tariff decreasing legislation until the Administration of Wilson and later on the Administration of Roosevelt.

For example, the Land Grant College, the Smith-Hughes and the Smith-Lever Acts. These, along with the Hatch Act of 1887, advanced the cause of agricultural technology and contributed greatly to economic progress in our country as a whole, but they did not raise farm income in the long run. Farmers were taught to invest more to produce more -- to sell at a lower price to make a lesser return on their investment. Research and education has been of far greater benefit to you and I as consumers than it has to you as farmers.

C. GOVERNMENT EFFORTS TO EQUALIZE ECONOMIC ADVANTAGE

After research, education, reclamation projects and the westward advance of land settlement created in agriculture such a capacity that practically all export industries were in trouble, farmers demanded the Government take action. Action to equalize the advantage between those areas of the economy which enjoyed tariff protection and those which did not. Major acts were passed in 29-33-35-37-38 and in 49. And last but not least, as far as you are concerned, your own Wool Act passed in 1954. It is unnecessary to review the provisions of these laws. You are well acquainted with them.

My purpose is to bring out we usually try different methods to support farm income than are used in industry. Acreage allotments, incentive payments, nonrecourse loans, and government purchases to boost prices. All somewhat different from the methods used by other industries to protect prices and incomes.

Without these supports additional millions of farm people would have suffered financial distress in recent years. Had these programs not been formulated by an understanding President in the thirties and sustained by a sympathetic Congress in the fifties, our system of family farms might not have survived

But in our preoccupation with programs to sustain commodity prices, we may have overlooked the best techniques for protecting and promoting the welfare and income of farm people. The other segments of our economy have prospered much more of the time than agriculture Why not allow agriculture to copy the methods used by these other industries, trades and professions?

We have widespread ownership in other industries just as we have in agriculture. There are many thousands of investors in even the smallest basic industry in America. We also have private enterprise with competition in other industries. But these other industries trades and professions have the means to effect the supply-demand balance for their produce and gain a favorable price. 1/

1/ There is a continuing effort on the part of most professions, trades and industries to increase restrictions upon entry into production or marketing and thereby lessen competition. Therefore, the Government must engage in a continuing effort to prevent undue restrictions and to preserve competition between firms.

The economic tools they employ are:

1. Promotion to increase demand for their product both on a brand and industry scale;
2. Research to find greater uses for their products;
3. Quality Control to cut down on the supply of goods or services and at the same time increase confidence in its use;
4. Surplus Diversion to divert part of a product to a lower price market or hold a quantity for marketing at a later date.
5. Marketing Quotas to avoid the creation of a surplus.

When automobile companies meet resistance in the market, they are able, due to the nature of their product and the economic organization of their industry to reduce production. Our trades and professions use examinations and licensing provisions to restrict the number of people who enter. Whatever the technique used, the effect is the same as a marketing quota in agriculture. Agriculture needs an enabling act to enable farmers to copy the methods successfully employed by other industries.

D. BILL OF RIGHTS FOR AGRICULTURE

The Kennedy Administration proposed just this in the Act of 1961. A "Bill of Rights for Agriculture". To make available to farmers the legal power and economic tools to effect the supply demand relationship for the product just as others do. To have research, promotion, quality control, surplus diversion or marketing quotas.

One tool enjoyed by many industries was not proposed for Agriculture. That is the ability to administer its prices.

E. THE ACT OF '61 AS AGREED TO BY CONGRESS

The Administration's farm program was signed into law on Tuesday. Some have the impression this program was pretty well taken apart. We did not get all that was asked. But we got most of it. This is a tremendously important piece of legislation. It will lead to more effective action to promote and protect American agriculture. Provisions of the Farmers' Home Administration Credit Program were liberalized. The School Milk Program was continued, Public Law 480 was extended, and two highly significant Commodity Programs were enacted. Our feed grain program with minor changes was extended, and a similar program was adopted for wheat.

We achieved a breakthrough on our long-range stabilization plans. The plan for farmers to design, initiate, adopt, administer and pay for their own economic regulation. The form was amendments to the Marketing Agreements Act of '37. This act had not had major amendments since its passage twenty-four years ago. The Marketing Agreements Act was amended in two major respects. First, promotion and research were recognized as economic tools available to the industries affected. Second, several commodities not heretofore eligible for self-help stabilization programs were added in this bill. Cherries, apples, turkeys, peanuts and cranberries among others.

Due, I believe, to a great amount of misunderstanding, lambs were stricken from this bill. Some thought that this bill would set up production controls for lamb. This was not the case. Production controls were not proposed. Even marketing quotas had already been stricken from the bill before lambs were taken out.

Others failed to understand this proposal would not set up any program for lamb. The procedures of self-help programs are not generally understood. Marketing orders are always initiated by the industry concerned. They are always designed by industry committees and they can become effective only after public hearing and a referendum of all producers affected. Even after this no action can be taken until a producer nominated board or a committee is selected and recommends action. Therefore, the Administration did not propose a program for the lamb industry. What we did propose was that you have legal authority to adopt a program yourself if you so wish.

F. APPLYING PRIVATE ENTERPRISE PRINCIPLES TO THE LAMB AND WOOL INDUSTRY

How can you copy the methods used by others to affect your prices and your incomes to give you economic equality with other segments of the economy with whom you compete.

When I first accepted this invitation I had hoped to be able to tell you about some of the things you might do under the Act of 1961 Action during the last week in Congress, however, removed lambs from that Act. You are not therefore authorized to copy the economic tools used by other industries as the turkey producers now are.

We can talk about what you could do if you were included in this law. The economic problems you face in the lamb industry are (1) short or long run Supply-Demand imbalance; (2) weak producer bargaining strength and (3) disorderly marketing of the product. You are attacking this problem of "lack of demand" through your American Sheep Producers Council Program. This is a worthwhile effort and should pay dividends

On Monday of this week, I attended the Second National Lamb and Wool Industry Conference at Laramie, Wyoming. In addition I have read the complete report of the first such conference conducted last year at Laramie.

At that conference Louis Rozzoni referred to a possible need for controlled marketing. Mr. Alex P. O'Shea from New Zealand said New Zealand lamb producers wish to cooperate with you in developing our market for lamb. The Kennedy-Freeman farm program would have given lamb producers' tools to regulate marketing and develop markets for lamb.

The Act of 1937 as now amended makes five economic tools available to Agriculture. Promotion, research, quality control, supply management and unfair trade practice regulation.

Lamb prices are affected not only by lack of demand for lamb but perhaps moreso by the weak bargaining position of the producer. Irregularity in the flow to market or uncertainty as to total supply can cause serious price discounting by buyers. The housewives uncertainty as to what she is getting may not only cause her to discount the price she will pay but to pull out of the market entirely. Some consumers wish a mature feed-lot lamb while others may prefer a milk fed product. Under the quality control provisions of the Marketing Agreements Act, you could recommend and the Secretary could approve regulations to call for accurate labeling of lamb to increase the consumers' confidence in what she gets.

Using the surplus diversion tool, a board of lamb producers could take action to regularize the flow to market or to put more certainty into the market as to the supply of lamb available at any particular time

I have been informed that in recent years you have evened out the flow of lamb to market over what it was before.

Several industries while operating marketing orders learned that uncertainty has as much effect on price as the actual supply itself. A producer board could run a continuing reporting system as to when lambs will be ready for market in this country. Conduct research to determine the supply of lamb needed during any week or month The board could then take steps to reach an agreement with the lamb commission in New Zealand to export lambs to this country at the time and in the quantity needed to balance supply and demand.

One further suggestion - Manufacturers of automobiles always attempt to develop a sufficient market in any one town to justify a dealership for servicing cars. Many people in your industry believe that the retail distribution of lamb is hampered by the relative unimportance of lamb in the meat counter compared with beef (or pork). Perhaps your industry should take action to concentrate supply and your promotional efforts in few enough markets so that lamb could be of sufficient importance to get the attention it must have to be distributed properly. Again, in this effort your board could secure the cooperation of the New Zealand exporters who wish to export lambs to this country.

These suggestions are general. An industry board with sufficient legal power could, I am sure, come up with many other tactics and techniques to improve the marketing of lamb. None of these would be easy to work out or to design; however, the Kennedy farm program has never been pictured an easy program. What we proposed for sheep producers was not a pork barrel but a license for hard work. The hard work of adopting and managing your own self-help stabilization programs

We do not say that we want such a program for you. But we do say that we want you to have the legal authority to adopt for yourselves such a program. Some say programs of this sort cannot be administered in the lamb industry. There are always those who say it cannot be done; but, fortunately there are also those who insist that the farm people of America are just as smart as anyone else. If sheepmen have the legal power, they can design, and administer sensible action programs regardless of the complexity of the problem involved.

You have a great industry, but unfortunately, a declining industry. But, yours is a necessary industry. This fact has been recognized by the Congress of the United States. Your wool program is a good one. It is helping to rescue your industry. But the wool program is not enough. If you are to solve the price and income problems of your industry, you must take strong action -- bold action. The worst curse that could fall on you is a lack of imagination or courage.

The negative attitude says that it cannot be done. It reflects lack of vision. If agriculture is to prosper and to gain its fair share of the bounty it creates, farmers must learn to emulate the methods of other industries. You must have orderly marketing and you must eliminate the uncertainties. You must put bargaining strength in the hands of the producers. Let them bargain on an equal basis with the processors and retailers. Promote your product as other industries promote theirs. So that retailers not only want your product but find it necessary to give good treatment to your lamb to satisfy the demands of their own customers.

Until you have made available to yourselves the economic tools that others enjoy, a fair share of the bounty that you are helping to create will not be yours to enjoy. We have no panacea for problems. Even if we proposed pork barrel legislation for lambs it would not be an adequate long-range solution. We do think yours is a necessary industry. We want to see you survive. In the Agricultural Act of 1961, we proposed an opportunity for you to solve your own problems. A license for hard work.

PROTECTING AND PROMOTING THE AMERICAN WAY OF LIFE IN AGRICULTURE

Chairman Porter, County Committeemen, distinguished guests, colleagues of the Department, and friends:

I am pleased to be asked here today, pleased to associate with those who did so much to make our initial efforts in stabilization successful. I'm encouraged by your attitude toward the work we have to do. I'm motivated by the problems to be worked on, I'm inspired by the leadership Orville Freeman has given us, and I'm enthused with our long range plan to accomplish our mission. That mission being equality of opportunity for farm people in this Nation. Equality that is necessary if our American way of life in Agriculture, that system which has done so much for all of us, is to be preserved. This field is so full of interesting topics that there are many things I could discuss with you here today.

I could talk about the Kennedy Administration's service to Agriculture in the first eight months -- the dramatic move to distribute food to the needy. Our highly successful -- thanks to you -- Feed Grain Program. This piece of legislation which paves the way for equality in Agriculture, the Agricultural Act of 1961 -- the movement of $900 million of farm products under Public Law 480 in eight months -- more than were moved in a comparable period before. But this is only history of past accomplishments. A forward progressive group such as this is much more interested in plans for the future.

An address by Dr. James T. Ralph, Assistant Secretary of Agriculture before the Pennsylvania State ASC Committee Members and Office Managers - York, Pennsylvania, October 11, 1961.

I could talk to you about the tremendous team of Administrators and policy-makers John Kennedy has put together in your Department of Agriculture.

Orville Freeman of Minnesota, a man whose dedication is surpassed only by his energy for the task. An outstanding Administrator who is determined to correct the misdirection that has been given to thinking on Agriculture in recent years. A leader who would cause us to think of our capacity to produce in terms of an asset rather than a liability. And a Secretary of Agriculture who has repeatedly recognized and complimented the outstanding job you have done in the front lines of our action programs.

Charles Murphy of North Carolina, a distinguished lawyer skilled in the ways of Government. A man whose sagacity, administrative ability, and soundness of judgment are unexcelled anywhere in the top echelons of Washington.

John Duncan, former President of one of the finest farm organizations in America -- The Georgia Farm Bureau Federation -- a relatively large farmer who is completely devoted to the cause of assisting smaller farmers to share in America's abundance.

Frank Welch, Dean of two Agricultural Colleges in his time and probably the outstanding man of the Land Grant College System of America.

John A. Baker, a hill-country boy from Arkansas who has long served farm people in Washington. A great humanitarian who brings to his post as Director of Agricultural Credit a matchless measure of sympathetic understanding for the problems of farm people.

Willard Cochrane, a great Economist who as Director of Economic Research has shown the rare capacity to shed light while absorbing heat where the basic problems of Agriculture are concerned.

I could discuss the outstanding corps of career servants we have in our Department. We have the finest staff of any Department in Government. Noted not only for their intelligence and ability but more so their dedication, their pride in the industry they serve, and their complete loyalty to the cause of American agriculture.

I could take my whole time on your program today talking about career men who worked up from the ranks to positions of responsible leadership. Men like Horace Godfrey, Red Jacobs, Bruce Whitenight, Ely Wickham, and many others who bring to their offices a wealth of knowledge, experience, and seasoned judgment seldom found in the higher posts of any organization.

William Penn was a leader in the New Frontiers of his day. He was also the first real estate promoter in American history. He recognized the merits of widespread ownership of productive resources. He published many promotional tracts for distribution in Europe. The second of these outlined his liberal land policies. A settler in Pennsylvania could buy 5,000 acres for 100 pounds. Smaller plots could be rented for a penny an acre. And settlers who were indentured to pay passage were promised 50 acres of land.

Here in this great Commonwealth where William Penn did so much to set the pattern of our great system and way of life, I believe it especially fitting to talk about the program of the Kennedy Administration to preserve and promote that wonderful system.

A. WORLDS BEST SOCIAL AND ECONOMIC SYSTEM

When our forefathers began this country they embraced a social and economic system based on two principles. These were:

1. Widespread ownership of productive resources and,
2. Private enterprise with competition.

The wisdom of our forefathers has not been disproven over the years. Our way of life has given us a higher level of goods and services to enjoy than has been enjoyed by any civilization in mankind's history. Even the average working man in America today enjoys a more comfortable life than the upper classes of many other areas. Yet along with an abundance of goods and services our people have time left over for the spirtual and cultural activities of their choice.

B. A REBELLION AGAINST OTHER SYSTEMS

Our founding fathers did not chance upon this way of life by accident. They came here from other areas and had observed other systems. In Europe, at the time our ancestors departed, all land and other resources were owned by only a few families. The fathers of our republic knew of the stifling effect this feudalistic pattern of ownership had upon individual initiative. They had experienced an economic system called mercantilism. In mercantilism the reason for all production was to increase the wealth of the king or other potentate. Such a system smothers both incentive and invention. No man will give his all to his work unless he and his family get a fair share of the fruits of his labor.

The founders of our republic had been exposed to the ideas of a Scotsman named Adam Smith who maintained that, if every man is allowed to pursue his own selfish interest he will produce more goods for the good of all. This is not only the rationale of private enterprise but it is the reason our system has worked so well. Every man has an opportunity to better himself and his family.

C. THE DANGER TO THE SYSTEM

We believe in this system. Its merits are self-evident. But we are concerned. Our system is not only endangered by alien philosophies from without but it is endangered by imbalances within. That segment of our people which has made the greatest contribution toward our economic well being is not sharing equitably in the bounty they have created.

I speak of the efficient commercial family farmers of America. Our farmers through hard work, thrift, and investment have made possible the economic progress we enjoy. By continually becoming more efficient American farmers have released labor and other resources to other industries to produce the other goods and services we enjoy.

Farmers are not receiving a fair share of what they have made possible. In other industries producers and consumers alike share the benefits of our great system but in agriculture a major portion of the benefits have accrued to the consumer.

The simple fact is that while we as consumers get our foods and fibers at a lower relative cost in America than in any other country -- efficient producers in agriculture are not receiving a return on their capital, their labor and their management consistent with returns being earned by efficient producers in other industries.

D. WIDESPREAD OWNERSHIP IN AGRICULTURE DIFFERENT FROM OTHER INDUSTRIES

Private enterprise leads to efficient production by emphasizing individual initiative and the profit motive. Widespread ownership insures the popularity of the system by having the maximum number of citizens share the entrepreneural or risk taking function. Large numbers of property owning citizens gives us stability and our great social strength. (Political and social stability is essential for economic progress in any system.)

Although widespread ownership in agriculture - the family farm system -- is the strongest thread in our system, it also creates problems for farmers. Thousands of independent farmers are unable to regulate production and marketing of their product to obtain a fair price in the market place.

E. INDUSTRY AND LABOR HAVE ENABLING ACTS

Other industries also have widespread ownership. But it creates no serious problem. This is partly because other industries sell non-perishable products. But mostly because other industries can organize efficiently into a small number of firms. Few enough not only to regulate supply but in many cases to administer prices. This is possible only because they have enabling acts.

The corporation laws of the States and the Securities & Exchange Commision Act are enabling acts for industry. If the organizing of corporations were not regulated and if the Securities & Exchange Commission did not supervise the sale and exchange of securities, then it would be impossible for the organizers of industry to amass the capital necessary to operate firms of the size which dominate most manufacturing industries. The thousands of investors (widespread owndership) in American industry would lack the confidence to

invest if these acts did not regulate the formation of corporations and the sale and exchange of securities; and if industry could not secure the capital to organize into a small number of large companies they could not control either the total supply or the price of their products.

Even our laboring people have enabling acts. The Wagner Labor Relations Act and other laws concerning organized labor give skilled and unskilled workers the right to organize together into unions and to bargain collectively for a price on the services they sell.

Many of our trades and professions have enabling acts to allow them to regulate the quality of supply of the services they offer. The medical profession for example has many restrictions to regulate the quality or supply of the services they offer. Regulation of quality also restricts supply and thereby raises the rates that may be charged. Most of the States require bar examinations of anyone who would practice law. This examination tends to improve quality but it also limits the number of lawyers. Even barbers have secured laws to require licensing and sometimes schooling to practice their trade.

All laws which allow a business or profession to regulate itself are enabling acts. Practices which tend to reduce supply also tend to raise incomes. Other business and professions in America have done well by themselves The economic tools they employ are:

1. Promotion to increase demand for their product both on a brand and industry scale;
2. Research to find greater uses for their products;
3. Quality Control to cut down on the supply of goods or services and at the same time increase confidence in its use;

4. Surplus Diversion to divert part of a product to a lower price market or hold a quantity for marketing at a later date.

5. Marketing Quotas to avoid the creation of a surplus.

Why not allow farmers copy these methods.

F. GOVERNMENT ACTION PROGRAMS TO EQUALIZE BARGAINING STRENGTH

Since 1929 the Government has attempted stabilize Agriculture. Programs were operated only for the basics because only in basic crops could we produce a supply greatly in excess of demand. Since 1938 farm prices have been supported by means of nonrecourse loans.

Government action programs have worked well when designed well. They have accomplished their purpose when administered by a friendly administrator.

We believe these programs were and are justified. We believe that efficient producers in Agriculture are entitled to as good a return on their investment, management and labor as efficient producers in other necessary industries; and we believe Government should give farmers the tools to obtain a fair share of the bounty they create. Government action programs are, however, subject to several dangers. First, an unfriendly administrator can prevent such programs from working as intended by Congress.

Second, during the past few years an increasingly urban public has become less sympathetic toward the problems of Agriculture. As the people of our cities get more and more generations away from the farm, they have less and less sympathy for the problems of the farmer. This expresses itself in a growing reluctance on the part of the Congress to appropriate funds for price stabilization programs.

A third factor, and one often overlooked is that we are attaining the ability to produce more and more farm products in excess of what the market will take at a profit. Therefore, greater and greater demands upon the resources available to the Department of Agriculture to stabilize farm prices may be forthcoming. Already many industries which do not have price support programs and which maintain they do not wish price support programs are asking for greater utilization of Section 32 funds. At the same time many agricultural industries are asking for high tariffs to protect them from import competition. And, with increasing development of the developing nations of the world we can expect a greater drive to export food products to the American market.

The need for an enabling act to give farmers tools to self-regulate themselves was never greater.

G. BILL OF RIGHTS FOR AGRICULTURE

The Kennedy Administration proposed just such an enabling act in the Agricultural Act of 1961. We asked for a "Bill of Rights for Agriculture". Allow farmers to self-regulate themselves as other industries are self-regulated. To have research, promotion, quality control, surplus diversion or marketing quotas.

One tool enjoyed by many industries was not proposed for Agriculture. That is the ability to administer its prices.

H. THE ACT OF '61 AS AGREED TO BY CONGRESS

The Administration's long-range farm program has been enacted by the Congress. Some have the impression that this program was pretty well taken apart. We did not get all that was asked. But we got most of it. This is a tremendously important piece of legislation. It will lead to more effective action to promote and protect American Agriculture. Provisions of the Farmers' Home Administration Credit Program were liberalized. The School Milk Program was continued, Public Law 480 was extended, and two highly significant commodity programs were enacted. Our Feed Grain Program with minor changes was extended, and a similar program was adopted for wheat.

We achieved a breakthrough on a long-range plan for Agriculture. A plan for farmers to set up and operate their own stabilization programs. The marketing agreements act of 1937 has not been substantially amended since it's passage twenty-four years ago.

This Self-Help Law was changed in two respects:

1. Promotion and research were recognized as economic tools available to farmers.
2. Additional commodities not before eligible for self-help programs were added in this Bill. Cherries, apples, turkeys, turkey hatching eggs, peanuts, cranberries, seed crops and others.

Due, I believe to a great amount of misunderstanding, lambs, honey and other commodities were stricken from this Bill. Some thought that this Bill would set up production controls. This was not the case. Production controls were not proposed. Even marketing quotas were stricken from the Bill early in its consideration.

Others failed to understand this Act would not set up any program for any industry. The procedures of self-help are not generally understood. Marketing orders are always initiated by the industry concerned. They are always designed by industry committees. They can become effective only after public hearing and a referendum of all producers affected. Even after this no action can be taken until a producer nominated board or a committee is selected and recommends action. In this plan the Administration did not propose a program for any commodity. We did propose that farmers have legal authority to copy the methods of other industries.

I. PROCEDURE PROVIDED FOR ADDITIONAL LEGISLATION

The Congress recognized a possible need for additional authority and wisely provided a procedure.

Subtitle A of Title 1 -- "Consulation On Agricultural Programs" -- is the most significant provision of this Act.

Farmers and farm groups may call upon the Secretary of Agriculture to form a committee to consult and advise on additional legislation or administrative programs.

The Department is authorized to pay expenses of commodity committee members.

Committee recommendations will be submitted to the Secretary and to Congress if additional legislation is suggested.

The Congress has not said that additional authority will be provided. But a procedure has been established for industry to initiate action.

The door is wide open. We are prepared to consider any request received from a representative commodity group.

J. MISLEADING CRITICISM

Although this Act would have farmers themselves develop farm program, it has been criticized. By some who maintain they represent farmers.

1. It was said this proposal would give the Secretary too much power. The Secretary already had more power than this Act gives him. The Secretary had the power to support the price of any agricultural commodity at somewhere between 0 and 90% of parity unless the range is further circumscribed by other legislation and the Secretary may exercise this power without consulting anyone in the industry or the Congress. This Act dilutes this power and gives producers a larger measure of responsibility for program development.

2. This Act is said to delegate legislative power to the Secretary of Agriculture. This does delegate some legislative power to the Secretary. But power no greater than he now has. Secretaries of Agriculture have had considerable legislative power delegated to them since the Smith-Hughes and Smith-Lever Acts were passed.

3. It has been said that producers through a producer board are enabled to exercise legislative power. This is the heart of our plan. Producer boards would be delegated legislative power through the Secretary of Agriculture. Producer boards would be delegated legislative power through the Secretary of Agriculture. Producer boards have exercised such quasi-legislative power under Federal Marketing Orders for twenty-five years and they have done an outstanding job.

4. It has been suggested that this program would cost billions of dollars. This program would cost less than the present price support programs. We cannot say how much, but we can definitely say it would cost less. First, it gives the Secretary more realistic methods of adjusting supply under the wheat and feed grain programs. Second, more commodities are allowed to operate and pay for their own program. As more commodities adopt self-help under this Act, the cost of stabilization will go down. Taxpayers cost of running 80 milk marketing orders and 42 fruits and vegetables orders is insignificant compared with cost of the Soil Bank and Price Supports Programs.

5. It has been suggested that this would regiment Agriculture. If and only if other industries, trades and professions are regimented, then this Act would indeed allow farmers to regiment themselves. There is nothing compulsory in this Law. It merely gives more farmers the right to organize, and if they wish, to run (by a producer handler board) and pay for their own program. If copying the methods used in the remainder of the American economy is regimentation then farmers would be allowed to regiment themselves.

6. This program has been criticized because it threatens to raise farm income. We accept that criticism as valid. " "

Under the self-help provisions of the Agricultural Act of 1961, farmers would earn their income from what they do rather than what they failed to do. This does not provide farmers a tailor made solution to their economic problems. It only gives them a license for hard work. The hard work of designing, initiating, securing approval, voting in, administering and paying for their own economic stabilization.

This Act of 1961 proposes a conservative rather than a liberal approach. It seeks to conserve and protect the existing way of life in American Agriculture and to do so by copying methods proven by other industries rather than by designing new methods.

We believe this is a practical program. We believe it easier to give farmers who are 9% of our people the power to copy other industries than to attempt to reform the other 91% of our economy.

The task of changing 91% of our economy staggers the imagination. To think of reforming the other 91% is impractical. The self-regulation they have is sensible and workable. We have no criticism of other industries. They have designed a workable system of self-regulation. We believe the best approach to stabilization in Agriculture is to give farmers the legal power to join the mainstream of the American economy by acting as other industries act.

I submit to you that anyone who is in favor of more economics and less politics in agricultural stabilization; anyone who believes in representative democracy in Agriculture; anyone who has faith that farmers can run their own business if given the legal tools to do so should be in favor of this program.

Our system of private enterprise with widespread ownership has proven its worth. The wisdom of our forefathers has been demonstrated. The need for preserving this system is self-evident.

If we would protect this system we must continue in business as many individual entrepreneurs in Agriculture as is consistent with economic efficiency. The greatest danger to our private enterprise system is to have too few people personally connected with it. By giving our independent farmers and handlers in Agriculture the bargaining strength to maintain themselves in business, we are insuring a greater number of people with a connection with, a kinship to, an interest in, and therefore, an affinity for the private enterprise capitalistic system itself.

Our farmers have achieved for us the dream that men have sought throughout the centuries. To be able to produce more food than is needed. American farmers produce not only enough food and fiber for our own needs but also vast quantities to help supply the needs of millions throughout the world. This is an achievement of far greater consequence than putting a man in space. Meat, milk, poultry, fruits and vegetables in the hand are far closer to man's basic needs than a star in the sky. There is no better propaganda in all the world than the success story of American Agriculture.

I suggest to you that our greatest defense against communism or socialism is to preserve, to protect, to promote this wonderful system of efficient commercial family farms we have in America. This system is the strongest thread in the fabric of our society. The Agriculture Act of 1961, by giving farmers the tools to obtain equal bargaining strength with other segments in our society, is a long step forward in preserving our system.

PROTECTING AND PROMOTING THE AMERICAN WAY OF LIFE IN AGRICULTURE

It is my pleasure to bring you the personal greetings of Secretary Freeman. The Secretary is today on the far side of the world on an important mission in behalf of American Agriculture.

Your meeting is important to the future of agriculture and there are many subjects I could use in talking with such a distinguished group.

I could review for you the history of the National and State Granges--the contribution they have made to Agriculture and rural life over the years--the valuable counsel we receive from Grange leaders, like Harry Caldwell and Herschel Newsons and others.

I could review the record of the Kennedy Administration in agriculture in the first eight months -- the first Executive Order signed by the President was to distribute our abundance to the needy -- the first major piece of legislation was the Feed Grain Bill -- the first appropriation bill enacted by the 87th Congress -- and the first long range plan passed by the Congress was the Agricultural Act of 1961.

Agriculture is in the forefront of the Kennedy Administration.

I could talk to you about the tremendous team President Kennedy has put together in the Department of Agriculture.

Orville Freeman of Minnesota, a man whose dedication is surpassed only by his energy for the task. An outstanding administrator who is determined to correct the misdirection that has been given to thinking on agriculture in recent years. A leader who would cause us to think of our capacity

Address given by Assistant Secretary James T. Ralph before the North Carolina State Grange annual meeting, Boone, North Carolina - October 23, 1961

to produce in terms of an asset rather than a liability. And a Secretary of Agriculture who has repeatedly recognized and complimented the outstanding job you have done in the front lines of our action programs.

John Duncan, former president of one of the finest farm organizations in America -- the Georgia Farm Bureau Federation -- a relatively large farmer who is completely devoted to the cause of assisting smaller farmers to share in America's abundance.

Frank Welch, dean of two agricultural colleges in his time and probably the outstanding man of the land grant college system of America.

John A. Baker, a hill-country boy from Arkansas who has long served farm people in Washington. A great humanitarian who brings to his post as Director of Agricultural Credit a matchless measure of sympathetic understanding for the problems of farm people.

Willard Cochrane, a great economist who as Director of Economic Research has shown the rare capacity to shed light while absorbing heat where the basic problems of agriculture are concerned.

Charles Murphy of North Carolina, a distinguished lawyer skilled in the ways of Government. A man whose sagacity, administrative ability, and soundness of judgment are unexcelled anywhere in the top echelons of Washington.

I could talk to you about our distinguished corps of career men in the Department. Many of whom you know personally including some outstanding native sons of North Carolina -- especially Horace Godfrey who ably and effectively serves as Administrator of ASCS and Executive Vice President of CCC. We have the finest staff of any Department in Government. Noted not only for their intelligence and ability, but more so their didication, their pride in the industry they serve, and their complete loyalty to the cause of American agriculture.

But I want to talk to you about something dear to all of us and something closely connected with our mission of stabilization. Protecting and Promoting the American Way of Life in Agriculture.

A. WORLDS BEST SOCIAL AND ECONOMIC SYSTEM

When our forefathers began this country they embraced a social and economic system based on two principles. These were:

1. Widespread ownership of productive resources and,
2. Private enterprise with competition.

The wisdom of our forefathers has not been disproven over the years. Our way of life has given us a higher level of goods and services to enjoy than has been enjoyed by any civilization in mankinds history. Even the Average working man in America today enjoys a more comfortable life than the upper classes of many other areas. Yet along

with an abundance of goods and services our people have time left over for the spirtual and cultural activities of their choice.

B. A REBELLION AGAINST OTHER SYSTEMS

Our founding fathers did not chance upon this way of life by accident. They came here from other areas and had observed other systems. In Europe, at the time our ancestors departed, all land and other resources were owned by only a few families. The fathers of our republic knew of the stifling effect this feudalistic pattern of ownership had upon individual initiative. They had experienced an economic system called mercantilism. In mercantilism the reason for all production was to increase the wealth of the king or other potentate. Such a system smothers both incentive and invention. No man will give his all to his work unless he and his family get a fair share of the fruits of his labor.

The founders of our republic had been exposed to the ideas of a Scotsman named Adam Smith who maintained that, if every man is allowed to pursue his own selfish interest he will produce more goods for the good of all. This is not only the rationale of private enterprise but it is the reason our system has worked so well. Every man has an opportunity to better himself and his family.

C. THE DANGER TO THE SYSTEM

We believe in this system. Its merits are self-evident. But we are concerned. Our system is not only endangered by alien philosophies from without but it is endangered by imbalances within. That segment of our people which has made the greatest contribution toward our economic well being is not sharing equitably in the bounty they have created.

I speak of the efficient commercial family farmers of America. Our farmers through hard work, thrift, and investment have made possible the economic progress we enjoy. By continually becoming more efficient American farmers have released labor and other resources to other industries to produce the other goods and services we enjoy.

Farmers are not receiving a fair share of what they have made possible. In other industries producers and consumers alike share the benefits of our great system but in agriculture a major portion of the benefits have accrued to the consumer.

The simple fact is that while we as consumers get our foods and fibers at a lower relative cost in America than in any other country -- efficient producers in agriculture are not receiving a return on their capital, their labor and their management consistent with returns being earned by efficient producers in other industries.

D. WIDESPREAD OWNERSHIP IN AGRICULTURE DIFFERENT FROM OTHER INDUSTRIES

Private enterprise leads to efficient production by emphasizing individual initiative and the profit motive. Widespread ownership insures the popularity of the system by having the maximum number of citizens share the entrepreneural or risk taking function. Large numbers of property owning citizens gives us stability and our great social strength. (Political and social stability is essential for economic progress in any system.)

Although widespread ownership in agriculture - the family farm system -- is the strongest thread in our system, it also creates problems for farmers. Thousands of independent farmers are unable to regulate production and marketing of their product to obtain a fair price in the market place.

E. INDUSTRY AND LABOR HAVE ENABLING ACTS

Other industries also have widespread ownership. But it creates no serious problem. This is partly because other industries sell non-perishable products. But mostly because other industries can organize efficiently into a small number of firms. Few enough not only to regulate supply but in many cases to administer prices. This is possible only because they have enabling acts.

The corporation laws of the States and the Securities & Exchange Commision Act are enabling acts for industry. If the organizing of corporations were not regulated and if the Securities & Exchange Commission did not supervise the sale and exchange of securities, then it would be impossible for the organizers of industry to amass the capital necessary to operate firms of the size which dominate most manufacturing industries. The thousands of investors (widespread owndership) in American industry would lack the confidence to

invest if these acts did not regulate the formation of corporations and the sale and exchange of securities; and if industry could not secure the capital to organize into a small number of large companies they could not control either the total supply or the price of their products.

Even our laboring people have enabling acts. The Wagner Labor Relations Act and other laws concerning organized labor give skilled and unskilled workers the right to organize together into unions and to bargain collectively for a price on the services they sell.

Many of our trades and professions have enabling acts to allow them to regulate the quality of supply of the services they offer. The medical profession for example has many restrictions to regulate the quality or supply of the services they offer. Regulation of quality also restricts supply and thereby raises the rates that may be charged. Most of the States require bar examinations of anyone who would practice law. This examination tends to improve quality but it also limits the number of lawyers. Even barbers have secured laws to require licensing and sometimes schooling to practice their trade.

All laws which allow a business or profession to regulate itself are enabling acts. Practices which tend to reduce supply also tend to raise incomes. Other business and professions in America have done well by themselves The economic tools they employ are:

1. Promotion to increase demand for their product both on a brand and industry scale;
2. Research to find greater uses for their products;
3. Quality Control to cut down on the supply of goods or services and at the same time increase confidence in its use;

4. Surplus Diversion to divert part of a product to a lower price market or hold a quantity for marketing at a later date.

5. Marketing Quotas to avoid the creation of a surplus.

Why not allow farmers copy these methods.

F. GOVERNMENT ACTION PROGRAMS TO EQUALIZE BARGAINING STRENGTH

Since 1929 the Government has attempted stabilize Agriculture. Programs were operated only for the basics because only in basic crops could we produce a supply greatly in excess of demand. Since 1938 farm prices have been supported by means of nonrecourse loans.

Government action programs have worked well when designed well. They have accomplished their purpose when administered by a friendly administrator.

We believe these programs were and are justified. We believe that efficient producers in Agriculture are entitled to as good a return on their investment, management and labor as efficient producers in other necessary industries; and we believe Government should give farmers the tools to obtain a fair share of the bounty they create. Government action programs are, however, subject to several dangers. First, an unfriendly administrator can prevent such programs from working as intended by Congress.

Second, during the past few years an increasingly urban public has become less sympathetic toward the problems of Agriculture. As the people of our cities get more and more generations away from the farm, they have less and less sympathy for the problems of the farmer. This expresses itself in a growing reluctance on the part of the Congress to appropriate funds for price stabilization programs.

A third factor, and one often overlooked is that we are attaining the ability to produce more and more farm products in excess of what the market will take at a profit. Therefore, greater and greater demands upon the resources available to the Department of Agriculture to stabilize farm prices may be forthcoming. Already many industries which do not have price support programs and which maintain they do not wish price support programs are asking for greater utilization of Section 32 funds. At the same time many agricultural industries are asking for high tariffs to protect them from import competition. And, with increasing development of the developing nations of the world we can expect a greater drive to export food products to the American market.

The need for an enabling act to give farmers tools to self-regulate themselves was never greater.

G. BILL OF RIGHTS FOR AGRICULTURE

The Kennedy Administration proposed just such an enabling act in the Agricultural Act of 1961. We asked for a "Bill of Rights for Agriculture". Allow farmers to self-regulate themselves as other industries are self-regulated. To have research, promotion, quality control, surplus diversion or marketing quotas.

One tool enjoyed by many industries was not proposed for Agriculture. That is the ability to administer its prices.

H. THE ACT OF '61 AS AGREED TO BY CONGRESS

The Administration's long-range farm program has been enacted by the Congress. Some have the impression that this program was pretty well taken apart. We did not get all that was asked. But we got most of it. This is a tremendously important piece of legislation. It will lead to more effective action to promote and protect American Agriculture. Provisions of the Farmers' Home Administration Credit Program were liberalized. The School Milk Program was continued, Public Law 480 was extended, and two highly significant commodity programs were enacted. Our Feed Grain Program with minor changes was extended, and a similar program was adopted for wheat.

We achieved a breakthrough on a long-range plan for Agriculture. A plan for farmers to set up and operate their own stabilization programs. The marketing agreements act of 1937 has not been substantially amended since it's passage twenty-four years ago.

This Self-Help Law was changed in two respects:

1. Promotion and research were recognized as economic tools available to farmers.
2. Additional commodities not before eligible for self-help programs were added in this Bill. Cherries, apples, turkeys, turkey hatching eggs, peanuts, cranberries, seed crops and others.

Due, I believe to a great amount of misunderstanding, lambs, honey and other commodities were stricken from this Bill. Some thought that this Bill would set up production controls. This was not the case. Production controls were not proposed. Even marketing quotas were stricken from the Bill early in its consideration.

Others failed to understand this Act would not set up any program for any industry. The procedures of self-help are not generally understood. Marketing orders are always initiated by the industry concerned. They are always designed by industry committees. They can become effective only after public hearing and a referendum of all producers affected. Even after this no action can be taken until a producer nominated board or a committee is selected and recommends action. In this plan the Administration did not propose a program for any commodity. We did propose that farmers have legal authority to copy the methods of other industries.

I. PROCEDURE PROVIDED FOR ADDITIONAL LEGISLATION

The Congress recognized a possible need for additional authority and wisely provided a procedure.

Subtitle A of Title 1 -- "Consulation On Agricultural Programs" -- is the most significant provision of this Act.

Farmers and farm groups may call upon the Secretary of Agriculture to form a committee to consult and advise on additional legislation or administrative programs.

The Department is authorized to pay expenses of commodity committee members.

Committee recommendations will be submitted to the Secretary and to Congress if additional legislation is suggested.

The Congress has not said that additional authority will be provided. But a procedure has been established for industry to initiate action.

The door is wide open. We are prepared to consider any request received from a representative commodity group.

J. MISLEADING CRITICISM

Although this Act would have farmers themselves develop farm program, it has been criticized. By some who maintain they represent farmers.

1. It was said this proposal would give the Secretary too much power. The Secretary already had more power than this Act gives him. The Secretary had the power to support the price of any agricultural commodity at somewhere between 0 and 90% of parity unless the range is further circumscribed by other legislation and the Secretary may exercise this power without consulting anyone in the industry or the Congress. This Act dilutes this power and gives producers a larger measure of responsibility for program development.

2. This Act is said to delegate legislative power to the Secretary of Agriculture. This does delegate some legislative power to the Secretary. But power no greater than he now has. Secretaries of Agriculture have had considerable legislative power delegated to them since the Smith-Hughes and Smith-Lever Acts were passed.

3. It has been said that producers through a producer board are enabled to exercise legislative power. This is the heart of our plan. Producer boards would be delegated legislative power through the Secretary of Agriculture. Producer boards would be delegated legislative power through the Secretary of Agriculture. Producer boards have exercised such quasi-legislative power under Federal Marketing Orders for twenty-five years and they have done an outstanding job.

4. It has been suggested that this program would cost billions of dollars. This program would cost less than the present price support programs. We cannot say how much, but we can definitely say it would cost less. First, it gives the Secretary more realistic methods of adjusting supply under the wheat and feed grain programs. Second, more commodities are allowed to operate and pay for their own program. As more commodities adopt self-help under this Act, the cost of stabilization will go down. Taxpayers cost of running 80 milk marketing orders and 42 fruits and vegetables orders is insignificant compared with cost of the Soil Bank and Price Supports Programs.

5. It has been suggested that this would regiment Agriculture. If and only if other industries, trades and professions are regimented, then this Act would indeed allow farmers to regiment themselves. There is nothing compulsory in this Law. It merely gives more farmers the right to organize, and if they wish, to run (by a producer handler board) and pay for their own program. If copying the methods used in the remainder of the American economy is regimentation then farmers would be allowed to regiment themselves.

6. This program has been criticized because it threatens to raise farm income. We accept that criticism as valid. " "

Under the self-help provisions of the Agricultural Act of 1961, farmers would earn their income from what they do rather than what they failed to do. This does not provide farmers a tailor made solution to their economic problems. It only gives them a license for hard work. The hard work of designing, initiating, securing approval, voting in, administering and paying for their own economic stabilization.

This Act of 1961 proposes a conservative rather than a liberal approach. It seeks to conserve and protect the existing way of life in American Agriculture and to do so by copying methods proven by other industries rather than by designing new methods.

We believe this is a practical program. We believe it easier to give farmers who are 9% of our people the power to copy other industries than to attempt to reform the other 91% of our economy.

The task of changing 91% of our economy staggers the imagination. To think of reforming the other 91% is impractical. The self-regulation they have is sensible and workable. We have no criticism of other industries. They have designed a workable system of self-regulation. We believe the best approach to stabilization in Agriculture is to give farmers the legal power to join the mainstream of the American economy by acting as other industries act.

I submit to you that anyone who is in favor of more economics and less politics in agricultural stabilization; anyone who believes in representative democracy in Agriculture; anyone who has faith that farmers can run their own business if given the legal tools to do so should be in favor of this program.

Our system of private enterprise with widespread ownership has proven its worth. The wisdom of our forefathers has been demonstrated. The need for preserving this system is self-evident.

If we would protect this system we must continue in business as many individual entrepreneurs in Agriculture as is consistent with economic efficiency. The greatest danger to our private enterprise system is to have too few people personally connected with it. By giving our independent farmers and handlers in Agriculture the bargaining strength to maintain themselves in business, we are insuring a greater number of people with a connection with, a kinship to, an interest in, and therefore, an affinity for the private enterprise capitalistic system itself.

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I suggest to you that our greatest defense against communism or socialism is to preserve, to protect, to promote this wonderful system of efficient commercial family farms we have in America. This system is the strongest thread in the fabric of our society. The Agriculture Act of 1961, by giving farmers the tools to obtain equal bargaining strength with other segments in our society, is a long step forward in preserving our system.

THE NEW FRONTIER AND THE POULTRY INDUSTRY

Mr. Chairman, members of the South Carolina Poultry Improvement Association, leaders of the poultry industry in South Carolina, it is my pleasure to bring you the personal greetings of Secretary Freeman. The Secretary bears many burdens, not the least of which is his very sincere concern for the economic distress plaguing the poultry industry.

Your meeting is important to us as it is to everyone in South Carolina concerned with the production, processing, and marketing of poultry. And there are many subjects I could use in talking to such a distinguished group of industry leaders.

I could talk about the Kennedy Administration's service to Agriculture in the first eight months -- the dramatic move to distribute food to the needy. Our highly successful -- thanks to you -- Feed Grain Program. This piece of legislation which paves the way for equality in Agriculture, the Agricultural Act of 1961 -- the movement of almost a billion dollars of farm products under Public Law 480 in nine months -- more than were moved in a comparable period before. But this is only history of past accomplishments. A forward progressive group such as this is much more interested in plans for the future.

I could talk to you about the tremendous team of Administrators and policy makers John Kennedy has put together in your Department of Agriculture.

Orville Freeman of Minnesota, a man whose dedication is surpassed only by his energy for the task. An outstanding Administrator who is determined to correct the misdirection that has been given to thinking on Agriculture in recent years. A leader who would cause us to think of our capacity to produce in terms of an asset rather than a liability. And a Secretary of Agriculture who has repeatedly recognized and complimented

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Address by Dr. James T. Ralph, Assistant Secretary of Agriculture, at the South Carolina Poultry Improvement Association, Columbia, S.C., November 20, 1961.

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Charles Murphy of North Carolina, a distinguished lawyer skilled in the ways of Government. A man whose sagacity, administrative ability, and soundness of judgment are unexcelled anywhere in the top echelons of Washington.

John Duncan, former President of one of the finest farm organizations in America - The Georgia Farm Bureau Federation - a relatively large farmer who is completely devoted to the cause of assisting smaller farmers to share in America's abundance.

Frank Welch, Dean of two Agricultural Colleges in his time and probably the outstanding man of the Land Grant College System of America.

John A. Baker, a hill-country boy from Arkansas who has long served farm people in Washington. A great humanitarian who brings to his post as Director of Agricultural Credit a matchless measure of sympathetic understanding for the problems of farm people.

Willard Cochrane, a great Economist who as Director of Economic Research has shown the rare capacity to shed light while absorbing heat where the basic problems of Agriculture are concerned.

I could discuss the outstanding corps of career servants we have in our Department. We have the finest staff of any Department in

Government. Noted not only for their intelligence and ability but more so their dedication, their pride in the industry they serve, and their complete loyalty to the cause of American agriculture.

But I want to talk to you about something dear to all of us and something closely connected with our mission of stabilization: Protecting and Promoting the American Way of Life in Agriculture.

A. WORLD'S BEST SOCIAL AND ECONOMIC SYSTEM

Some one hundred and eighty years ago when our forefathers began this country they embraced an economic system involving two principles These were:

1. Widespread ownership of Productive Resources and,
2. Private enterprise with competition.

The wisdom of our forefathers has not been disproven over the years. Our way of life has given us a higher level of goods and services to enjoy than has been enjoyed by any civilization in mankind's history. Even the average working man in America today enjoys a more comfortable life than the upper classes of many other areas. Yet along with an abundance of goods and services our people have time left over for the spiritual and cultural activities of their choice.

B A Rebellion Against Other Systems

Our founding fathers did not chance upon this way of life by accident. They came here from other areas and had observed other systems. In Europe, at the time our ancestors departed, a few families owned most of the productive resources. The fathers of our republic knew of the stifling effect this feudalistic pattern of ownership had upon individual initiative. They had experienced an economic system called mercantilism. In mercantilism the reason for all production was to increase the wealth of the king or other potentate. Such a system smothers both incentive and invention. No man will give his all to his work unless he and his family get a fair share of the fruits of his labor.

The founders of our republic had been exposed to the ideas of a Scotsman named Adam Smith who maintained that, if every man is allowed to pursue his own selfish interest he will produce more goods for the good of all. This is not only the rationale of private enterprise but it is the reason our system has worked so well. Every man has an opportunity to better himself and his family.

C The Danger to the System

We believe in this system. Its merits are self-evident. But we are concerned. Our system is not only endangered by alien philosophies from without but it is endangered by imbalances within. That segment of our people which has made the greatest contribution toward our economic well-being is not sharing equitably in the bounty they have created.

I speak of the efficient commercial family farmers of America. Our farmers through hard work, thrift, and investment have made possible the economic progress we enjoy.

By continually becoming more efficient American farmers have released labor and other resources to other industries to produce the other goods and services we enjoy.

Farmers are not receiving a fair share of what they have made possible. In other industries producers and consumers alike share the benefits of our great system but in agriculture a major portion of the benefits have accrued to the consumer.

The simple fact is that while we as consumers get our foods and fibers at a lower relative cost in America than in any other country -- efficient producers in agriculture are not receiving a return on their capital, their labor and their management consistent with returns being earned by efficient producers in other industries.

D Widespread Ownership in Agriculture Different From Other Industries

Private enterprise leads to efficient production by emphasizing individual initiative and the profit motive. Widespread ownership insures the popularity of the system by having the maximum number of citizens share the entrepreneural or risk taking function. Large numbers of property owning citizens give us stability and our great social strength. (Political and social stability is essential for economic progress in any system.)

Although widespread ownership in agriculture -- the family farm system -- is the strongest thread in our system, it also creates problems for farmers. Thousands of independent farmers are unable to regulate production and marketing of their product to obtain a fair price in the market place.

E Industry and Labor Have Enabling Acts

Other industries also have widespread ownership. But it creates no serious problem. This is partly because other industries sell non-perishable products.

But mostly because other industries can organize efficiently into a small number of firms. Few enough not only to regulate supply but in many cases to administer prices. This is possible only because they have enabling acts.

The corporation laws of the states and the Securities and Exchange Commission Act are enabling acts for industry. If the organizing of corporations were not regulated and if the Securities and Exchange Commission did not supervise the sale and exchange of securities then it might be possible for the organizers of industry to amass the capital necessary to operate firms of the size which dominate most manufacturing industries. The thousands of investors (widespread ownership) in American industry would lack the confidence to invest. If industry could not secure the capital to organize into a small number of large companies they could not effectively self-regulate either the total supply or the price of their products.

Even our laboring people have enabling acts. The Wagner Labor Relations Act and other laws guarantee workers the right to organize together into unions and to bargain collectively for a price on the services they sell.

Many of our trades and professions have enabling acts which regulate the quality or supply of their services. The medical profession for example has many restrictions to regulate the quality of the services they offer. Regulation of quality also restricts supply and thereby raises the rates that may be charged. Most states require bar examinations of anyone who would practice law. This examination tends to improve the quality but it also limits the number of lawyers. Even barbers have secured laws to require licensing and sometimes schooling to practice their trade.

All laws which allow a business or profession to regulate itself are enabling acts. Practices which tend to reduce supply also tend to raise incomes.

Other business and professions in America have done well by themselves. The economic tools employed by non-agricultural groups are:

1. Promotion to increase demand for their product both on a brand and industry scale;
2. Research to find greater uses for their products;
3. Quality control to cut down on the supply of goods or services and at the same time increase confidence in its use;
4. Surplus diversion to divert part of a product to a lower price market or hold a quantity for marketing at a later date;
5. Marketing quotas to avoid the creation of a surplus;
6. Some industries and professions also have the ability to administer prices.

The first two tools promotion and research tend to increase demand for a product.

The last two, surplus diversion and marketing quotas adjust supply.

The third tool quality control effects both the supply of and the demand of a goods or service.

Under Marketing Orders some agricultural industries have been allowed to employ Quality Control and Surplus Diversion for twenty-four years.

The broiler industry needs an enabling act to authorize a self-financing balanced marketing program employing the same tools used by non-agricultural manufacturing industries.

F Government Action Programs to Equalize Bargaining Strength

Since 1929 the Government has attempted to stabilize agriculture. Programs were operated first for the basics because basic crops first attained the ability

to produce a supply greatly in excess of demand. Since 1938 farm prices have been supported by means on nonrecourse loans.

Government action programs have worked well when designed well. They have accomplished their purpose when administered by a friendly administrator.

We believe these programs were and are justified. We believe that efficient producers in agriculture are entitled to as good a return on their investment, management and labor as efficient producers in other necessary industries; and we believe Government should give farmers the tools to obtain a fair share of the bounty they create. Government action programs are however, subject to several dangers. First, an unfriendly administrator can prevent such programs from working as intended by Congress.

Second, during the past few years an increasingly urban public has become less sympathetic toward the problems of agriculture. As the people of our cities get more and more generations away from the farm, they have less and less sympathy for the problems of the farmer. This leads to increasing difficulty in obtaining funds for Government financed price stabilization programs.

A third factor, and one often overlooked is that we are attaining the ability to produce more and more farm products in excess of what the market will take at a profit. Therefore, greater and greater demands upon the resources available to the Department of Agriculture to stabilize farm prices may be forthcoming. Already many industries which do not have price support programs and which maintain they do not wish price support programs are asking for greater utilization of Section 32 funds: At the same time, many agricultural industries are asking for higher tariffs to protect them from import competition. And with

increasing development of the developing nations of the world we can expect a greater drive to export food products to the American market.

Farmers are in trouble because they have created abundance for the American people. This is especially true of the broiler industry. The technological revolution in agriculture promises to continue for the forseeable future.

Farmers need a self-financing means of self-regulation to prevent abundance from destroying the very system which made it possible.

Industry-wide Marketing Orders would meet this need.

G Bill of Rights for Agriculture

The Administration proposed just such an Enabling Act in the Agricultural Act of 1961. We asked for a "Bill of Rights for Agriculture". Allow farmers to self-regulate themselves as other industries are self-regulated. To have research, promotion, quality control, surplus diversion or marketing quotas.

One tool enjoyed by many industries was not proposed for agriculture. That is the ability to administer its prices.

A part of this proposal was enacted into law.

Several more industries were made eligible for Marketing Orders. Market Development (except for paid advertising), Marketing Research and industry-wide Marketing Orders were recognized in the legislative history as authorized under previous legislation.

Authority to adopt Producer Marketing Quotas under Marketing Orders through administrative procedures was not granted. Due I think to a great amount of misunderstanding broilers were excluded from this legislation.

H An Historic Advance in Public Policy for Agriculture

However, a procedure was established whereby the broiler industry might ask to be included. This was Sub Title A of Title I of the Act of 61.

Sub Title A may be the most significant piece of Agricultural Legislation in many years. In this several principles are recognized:

(1) The commodity approach to Stabilization in Agriculture

(2) The use of Farmer and Allied Industry Committees to initiate and design action programs.

Agriculture is a complex group of industries and each one is different. Sub Title A provides the means for using the talent within the industry to design a commodity program.

II History of Marketing Orders

A Definition

A Marketing Order is a legal document setting the limits within which an agricultural industry can operate a program of self-regulation.

An Order for a particular commodity will include:

A. Definitions of Producer, commodity to be regulated and area to be covered.

B. Provisions for an Advisory Board, to administer the Order, number of members, term of office and nomination meetings for selection.

C. Economic Tools to be used (Research, Promotion, Quality Control, Supply Management or Regulation of Unfair Trade Practices).

D. Provisions for Financing the Order and Penalties for Violations.

Marketing Orders have been authorized for fresh fruits vegetables and nuts since 1937 under the Agricultural Marketing Agreements Act. Marketing Orders of a different type have been authorized for milk. The Agricultural Act of 61 added cherries, apples and cranberries for canning and all other crops except the supported commodities which were specifically excluded. Turkeys and turkey hatching eggs were the only livestock products included and peanuts were the only basic crop.

C Marketing Orders in Effect

We now have 42 Fruit and Vegetable Marketing Orders involving 29 commodities. These commodities are: seed crops, cranberries and cherries for canning and freezing and popcorn.

In addition 80 milksheds are regulated under Milk Marketing Orders. These cover about 40 percent of the fluid milk sold in the country.

D State Enabling Acts and Marketing Orders

15 States have enabling acts authorizing self-help commodity action. Some of these States are: California, Oregon, Washington, Utah, North Dakota, Colorado, South Dakota, Kansas, North Carolina, Virginia, Georgia and Alabama.

III Procedure for Adopting Marketing Orders

1. A farm organization, commodity group or informal committee request the Department's assistance.

(Since the enactment of Sub Title A the Secretary would formally select and appoint a committee).

2. The Department assists the committee to draft a Marketing Order.

3. A Public Hearing is called. The industry must justify the Marketing Order by testimony at the Hearing.

4. The Secretary issues a recommended decision. Any interested party may file exceptions to this decision.

5. The Secretary issues a final decision and announces a referendum.

6. If the two-thirds of the eligible producers voting in the referendum vote yes the Secretary may make the order effective.

7. Nomination meetings are held to select a board to administer the program.

IV Application of Marketing Orders to the Broiler Industry.

A. The Broiler Chicken Industry illustrates several of the common misconceptions about American agriculture.

1. Greater efficiency will solve an industry's economic problems. The broiler industry is among our most efficient.

2. That producers should enter into marketing. Production and marketing are more integrated in the broiler industry than in any other.

3. That an individual whose income is low should expand his production. Broiler chicken producers have been expanding. This is the source of their problem.

The broiler industry needs a sensible program of supply management. This could be done at no cost to the Government under a Marketing Order.

B. Economic Tools Available

The Act of 1937 presently allows:

1. Market Development

2. Market Research

3. Quality Control

4. Supply Management

5. Regulations of Unfair Trade Practices

Regulations are effected at the handler level. If Broiler Hatching Eggs or Broilers were made eligible for Marketing Orders the Industry could get such a program effected within 30 to 60 days.

Supply Management is the immediate need. Under a hatching egg order hatcheries could be required to divert to powder a certain percent of the eggs they receive. This would reduce the supply within 3 months.

Quicker supply adjustment could be effected under a Marketing Order for broilers. The advisory board with the Secretary's approval could require all processors to set aside a certain percent of the boilers they receive for processing. These broilers could be used in a Market Development Program. If only one percent of the broilers available were used by the board to develop markets in Africa, Europe or South America, the domestic price should increase by from 2 to 10 percent.

The fact that a Board of Producers and Handlers had the power to remove broilers from the market would have as much effect as the action taken.

C. Economic Tools Needed

Supply Management under a Marketing Order will stabilize the broiler industry in the short run. Authority for Producer Marketing Quotas based on history of sales is needed for long-range stabilization. Stabilization without quotas allows outside capital to continue flowing into the industry, production increases and a larger diversion program is required.

D. Advantages of Producer Marketing Quotas Based on History

1. Producer Bargaining strength is increased because he has the quotas.

2. Price effect is greater because total supply is a known and fixed quantity.

3. Cost of Diversion is lowered because unnecessary expansion is prevented.

E. Recommendation

Mr. Chairman, I would recommend for the broiler industry a balanced marketing program under a Marketing Order to include:

1. Market Development

2. Research

3. Surplus Diversion or Supply Management

4. Marketing Quotas

V Advantages of a Marketing Order Type Stabilization Program.

1. Designed by the Industry - a producer committee chooses the economic tools to employ.

2. Paid for by the industry - except for a small amount of Administrative overhead within the Department of Agriculture all costs are paid by the industry.

3. Administered by Producers. A board of producers and handlers initiates all decisions under a Marketing Order. After approval by the Secretary, the Department assists the board in enforcing the program..

4. Enforcement is easier. Because producers and handlers initiate and design Marketing Orders, an industry nominated board runs the program (under

the Secretary's supervision) and the industry pays the cost, there is pride of authorship and ownership. This makes compliance easier to obtain.

5. Enforcement is cheaper. Because the producers are paying the cost of stabilizing operations under a Marketing Order, there is a greater incentive to make the program work. A violator is not cheating the Government he is cheating on his neighbor.

6. Marketing Orders are flexible. Regulations under a Marketing Order can be changed without going through a Public Hearing or awaiting another session of Congress. In other words when the Board recognizes a mistake it can be quickly corrected.

7. Actions are moderate. Board members are producers and handlers from the industry. They must make a living from the commodity being regulated. They will not take action to push prices so low they are forced out of business nor action to push prices so high their product is forced out of the market.

VI. Consumers are Adequately Protected

1. Competition between food products. The fact that pork and beef is not regulated will prevent a broiler board from unduly restricting supply.

2. Producers pay cost. The cost of diversion operations effectively restricts the size of the pool.

3. Secretary responsible to protect consumer interest. The Secretary must consider every proposal of board in terms of the interest of the consumer. It is difficult to imagine a broiler program which gave consumers a cause for complaint. The inherent tendency of the American farmer is to produce too much rather than too little.

EXTRACTS FROM SPEECHES BY DR. JAMES T. RALPH

Assistant Secretary of Agriculture

A. THE WORLD'S BEST SOCIAL AND ECONOMIC SYSTEM

More than eight score years ago when our forefathers founded this country they embraced a social and an economic system (the first of its kind knowingly adopted anywhere else in the history of man's endeavors to organize and to rule himself), involving two guiding principles for the production of goods and services in agriculture as well as other industries. These were:

A. Widespread ownership of productive resources and

B. Private enterprise with competition.

The wisdom of our forefathers has not been disproven over the years. Our way of life has given us a higher level of goods and services to enjoy than has been enjoyed by any civilization in mankind's history. Even the average working man in America today enjoys a more comfortable life than the upper classes of many other areas. Yet along with an abundance of goods and services our people have time left over for the spiritual and cultural activities of their choice.

B. A REBELLION AGAINST OTHER SYSTEMS

Our founding fathers did not chance upon this way of life by accident. They had come here from other areas where they had observed other systems. In Western Europe at the time our ancestors departed the ownership of land and other resources was concentrated into relatively few hands. The fathers of our republic had observed the

stifling effect which concentrated ownership has upon individual initiative or a man's willingness to work. They had experienced a system of production known as mercantilism wherein the objective of the production of goods and services is to increase the wealth of the king or other potentate. They had noticed that this system tends to kill incentive and smothers inventiveness. No man will give his all to his work unless he and his family can share in the fruits of the bounty he creates.

Many of the founders of our republic had been schooled in the philosophies of a Scotsman named Adam Smith who maintained that, "if every man is allowed to pursue his own selfish interest he will produce more goods for the good of society." This is not only the rationale of private enterprise but further it is the reason our system has worked so well. Every man has an opportunity to better himself and his family.

C. THE DANGER TO THE SYSTEM

We believe in this system. Its merits are self-evident. But we are concerned. Concerned not only that our system is endangered by alien philosophies from without but it is also endangered by imbalances within. Our system is endangered because that segment of our people which has made the greatest contribution toward our economic progress is not sharing equitably in the bounty they have created.

I am speaking of the efficient commerical family farmers of America. Our farmers through their hard work, their thrift, their investment and their productivity have made possible the economic progress we enjoy. By continually becoming more efficient the farmers of America have released labor and other resources to other industries thus making it possible to reproduce the fruits of invention to be shared by all.

In other industries both producers and consumers are benefiting from our great system but in agriculture a major portion of the benefits have accrued to the consumer.

The simple fact is that while we as consumers get our foods and fibers at a lower relative cost in America than in any other country-- efficient producers in agriculture are not receiving a return on their capital, their labor and their investment consistent with returns being earned by efficient producers in other industries.

D. WIDESPREAD OWNERSHIP IN AGRICULTURE DIFFERENT FROM OTHER INDUSTRIES

Private enterprise leads to efficient production by placing stress on individual initiative and the profit incentive. Widespread ownership, on the other hand, insures the popularity of the system by having the maximum number of citizens sharing in or connected with the entrepenurial or risk taking function. Thus widespread ownership gives us our great social strength, our stability.

Widespread ownership in agriculture - the family farm system - gives us the strongest threat in our system but it also creates problems for the producers in agriculture. The many thousands of independent farmers are unable to get together voluntarily and to manage or regulate production and marketing of foods and fibers to obtain a fair price in the market place.

E. INDUSTRY AND LABOR HAVE ENABLING ACTS

Widespread ownership in other industries creates no serious problems. Partly because other industries are selling unperishable products. But mostly because other industries are organized into a small number of firms. The number of companies in other basic industries is few enough that they are able to self-regulate themselves; not only to regulate supply but in many cases to administer prices. Other industries can do this because they have enabling acts. The corporation laws of our various states and the Security & Exchange Commission Acts serve as enabling acts making possible self-regulation of industry. If it were not for corporations and if it were not for the Securities & Exchange Act which regulates the sale and exchange of securities then it would be impossible for the organizers of industry to amass the capital necessary to operate firms of the size which dominate most manufacturing industries. In other words the many thousands of investors (widespread ownership) in these industries would not have

enough confidence to invest if these enabling acts did not regulate the operation of corporations and the sale and exchange of securities; and if they could not organize into a small number of large companies they could not control either the total supply or the price of their products.

Even our laboring people have enabling acts. The Wagner Labor Relations Act and other laws concerning organized labor give skilled and unskilled workers the right to organize together into unions and to bargain collectively for a price on the services they sell.

Many of our trades and professions have enabling acts which enable them to regulate the quality or supply of the services they offer. The medical profession for example has many restrictions enforcable by law to regulate the quality of the service they offer. You will readily recognize that this regulation of quality also restricts the supply of medical services (number of M. D.'s) offered and thereby raises the rates that may be charged. The legal profession has an enabling act in most states that requires strict bar examinations. The exam tends to improve quality but it also limits the number of lawyers. Even the barbers have secured laws which require licensing and sometimes schooling to practice their trade.

All these laws which allow any business or profession to regulate itself are enabling acts. All practices which tend to reduce

supply also tend to raise the incomes of the people involved in an industry or a profession. Agriculture needs equal authority to regulate itself so farmers have incomes equal to other segments of our society.

F. AN ENABLING ACT FOR AGRICULTURE

The Kennedy Administration has proposed an enabling act for agriculture in the Agricultural Act of 1961. This is an act to allow farmers to self-regulate themselves as other industries are self-regulated. It is an act which would allow farmers to design and initiate their own action programs. After securing approval of the Executive and Legislative branches of Government, they could also elect to administer and pay for these programs themselves. This is a long stride forward in agricultural policy. This is a realistic approach - let agriculture copy the methods used by other industries. It is an approach which will bring more economics and less polities into decision making under agricultural economic programs.

G. GOVERNMENT ACTION PROGRAMS TO EQUALIZE BARGAINING POWER

The problem of lack of bargaining power in the hands of agricultural producers has been recognized for over 100 years but it has only been serious since the days of World War I. After a long struggle during the twenties the first Government action program was created in 1929 with the Federal Farm Board.

Since 1933 the Government has attempted stabilization programs to equalize the bargaining power between farmers and other segments

of our society. These programs were usually operated only for the basics because only in basic crops could we produce a supply greatly in excess of demand. Since 1938 farm prices have been supported by means of nonrecourse loans.

These government action programs have worked well when designed well. And they have accomplished their purpose when administered by a friendly administrator who accepted the objective of the program, but when designed poorly or administered badly they many times fail to accomplish the stated objectives.

We believe these programs were and are justified. We believe that efficient producers in agriculture are entitled to as good a return on their investment, their management and their labor as efficient producers in other necessary industries; and we believe the Government is justified in assisting farmers to obtain their fair share of the bounty they create. However, Government action programs are subject to several dangers. First, as we have learned recently an unfriendly administrator can prevent these programs from working as intended by Congress.

Second, during the past few years an increasingly urban public has become less sympathetic toward the problems of agriculture. As the people of our cities get more and more generations away from the farm they have less and less sympathy and understanding for the problems of the farmer. This tendency expresses itself in an increasing reluctance by the Congress to appropriate funds for agricultural programs.

A third factor, and one often overlooked is that we are attaining the ability to produce more and more farm products in excess of what the market will take at a profit. Therefore, greater and greater demands upon the resources available to the Department of Agriculture to stabilize farm prices may be forthcoming. Already many industries which do not have price support programs and which maintain they do not wish price support programs are asking for greater utilization of Section 32 funds. At the same time many agricultural industries are asking for higher tariffs to protect them from import competition. And with increasing development of the developing nations of the world we can expect a great tendency to import products into the American market; therefore, a greater demand on the part of domestic producers for tariff protection, Section 32 subsidies, or other means of stabilizing price and income.

The need for an enabling act to give farmers tools to self-regulate themselves was never greater.

H. "A BILL OF RIGHTS FOR AGRICULTURE"

The Agricultural Act of 1961 as proposed by Secretary Freeman and as introduced in the Congress by Chairman Cooley of the House Agriculture Committee and by Chairman Ellender of the Senate Agriculture Committee is an enabling act for agriculture.

This Act proposes to give agricultural producers the legal power and the institutional mechanism to self-regulate themselves as other industries are self-regulated. It proposes that producers in agriculture be allowed to copy the methods used by producers in other industries.

For easier understanding I will divide this Act into 3 parts. The third and the least controversial part is actually an extension of several laws to increase utilization of agricultural products and to provide credit assistance to agriculture. It would extend Public Law 480, the Agricultural Trade Development and Assistant Act. It would extend the school lunch and special milk programs. It would extend the Wool Act and add flexibility to the credit program of the Farmers Home Administration.

The second part adds more flexibility to the Government stabilization programs operated under the Agricultural Act of 1937 and under the Agricultural Act of 1949. As you may know, under these laws the Secretary now has the authority to support the price of any agricultural commodity at somewhere between 0 and 100% of parity unless the support level for that commodity is further circumscribed by other legislation as it is for wheat, corn, tobacco, cotton and several other crops. The second part of the Act of 1961 would allow

the Secretary to use more realistic means of adjusting the supplies of the commodities for which he is required by law to support.

The first part of this law, and the most controversial, is the enabling act. It is the part which gives farmers the legal machinery to design their own programs and to copy the methods of other industries. Legally speaking it takes the form of an amendment to the Federal Marketing Agreements Act of 1937. That Act would be amended in four major respects.

1. To allow marketing orders for all agricultural commodities instead of just fresh fruits and vegetables.
2. To allow regional and/or national marketing orders rather than only local marketing orders. In effect the direction of the limitation is changed from the smallest area practicable to the largest area necessary to accomplish the objective and goals sought by farmers.
3. To place regulation on the producer rather than on the handler. (The reason for proposing to place regulation on the producer rather than the handler is that wherever you restrict the supply of a commodity in the production and marketing chain any price increase caused by the restriction is most likely to be <u>enjoyed</u> by the person in ownership at the point of restriction. Thus if you restrict the ability to market eggs at the

producer level the producer is more likely to gain the price benefit but if you restrict the supply of eggs at the hatching egg or chick level then the price benefit is more likely to accrue to the producer of hatching eggs or the hatcheryman.)

4. To add additional economic tools to those already available to farmers: Presently this law allows farmers to operate quality control and surplus diversion programs. The Act of 1961 proposes to add three economic tools. First on the demand increasing side it would add the ability to operate promotion and research programs. On the supply adjusting side it would add the authority to set marketing quotas. Thus in effect farmers would be offered five basic economic tools to affet the supply-demand relationship for their commodity; two tools to increase demand, research and promotion; two tools to adjust supply, surplus diversion and marketing quotas; and one tool would be offered which has a tendency to affect both supply and demand or quality control.

Many manufacturing industries have the ability not only to control the supply of the product offered and to influence the demand by promotion but also to administer their price. The Cooley-Ellender Bill would grant agriculture only half the ability that many other industries have to self-regulate themselves.

You know other industries promote their products, do research to increase utilization. Most other industries maintain quality control programs. In some of our businesses and professions the supply of the service offered is effectively restricted by quality control. The many restrictions on entry into the medical profession can be equated with quality control in agriculture. The training and bar examinations a young man must surmount to enter the legal profession is a form of quality control which serves to restrict supply.

I am sure you recognize that many other industries use surplus diversion in order to favorably influence returns and prices. Whenever a manufacturing industry offers an automobile or machine tool to another country at a lower price than they would sell them in this country that is surplus diversion. Whenever all firms in a manufacturing industry operate at less than 100% capacity and many times at near the same capacity that is marketing quotas. What the Kennedy Administration proposes for farmers is that they have the power to adjust their supply in line with effective demand as other industries have. These economic tools have been proven to be effective by long usage in other industries. Why not allow farmers to copy these tools?

I. A PROCEDURE FILLED WITH SAFEGUARDS

The Agricultural Act of 1961 spells out a procedure which must be followed for the adoption of any program. A procedure that is

filled with adequate safeguards not only for the consumer but also for the producer. The procedure is: (1) An industry group request a stabilization program; (2) The Secretary must form a Committee and this Committee must agree upon a program to recommend; (3) The Secretary must approve that program--assuming the program is nationwide in scope or involves supply adjustment; (4) The President must approve the proposal; (5) The proposal is sent to Congress which must also pass on it; and (6) The proposal must be submitted to all producers and must carry by two-thirds of those voting. Six major obstacles before a program can be adopted and the program may be stopped at any one of these hurdles.

J. MISLEADING CRITICISM

This proposal has been criticized even though it would place emphasis on development of farm programs by the farmers concerned; even though it would increase democracy in agriculture by allowing farmers to self-regulate themselves and to operate and to pay for their own programs. Let me give you some of the criticisms.

1. It is said that this proposal would give the Secretary too much power. Presently the Secretary of Agriculture has the power to support the price of any agricultural commodity anywhere between 0 and 100% of parity unless the parity range is further circumscribed by other legislation. He may do this without consulting either Congress or the industry. Under this proposal before

the Secretary can develop any program for agriculture he must form and consult with an industry-wide Committee and the proposal must be submitted to the President and the Congress for their approval. Thus the powers the Secretary now has are circumscribed under the Act of 1961.

2. It has been said that this proposal involves a delegation of legislative power to the Secretary of Agriculture. It does not involve any more delegation of power than has already been delegated to him. He has been delegated the authority to set prices for various commodities since 1938, under our price supports and under Federal Milk Marketing Orders.

3. It has been said that producers through a producer board are enabled to exercise legislative power. Producer advisory boards are enabled to wield a certain amount of legislative power which is delegated to the Secretary of Agriculture. However, under the Federal Marketing Agreements Act of 1937 boards of Farmers and Handlers have been wielding such power for 23 years without serious complaint about their quasi legislative function. Forty-five self-help Marketing Programs are now operating in citrus fruits, potatoes and other crops and are working very successfully.

(4) It has been suggested that this program would cost billions of dollars. This proposal actually provides the machinery

for farmers to operate and pay for their own program. As commodities which now depend upon the Government to operate stabilization programs for them, set up their own - this would actually reduce the cost of agricultural stabilization. Under self-help marketing programs the total cost is borne by direct assessments upon the industry involved. Some of the same people who suggest that this program would cost a great amount of money have also recommended a land retirement program under which the Government would pay the producer to take land from production. This program would cost far less than any land retirement scheme.

5. It has been suggested that this would regiment agriculture. The Act of 61 does not establish a program for any commodity, but it does allow the farmers to design and initiate a program and to use the same economic tools used by other industries, trades and professions. If, <u>and only if</u>, other industries are regimented then farmers would indeed be allowed to regiment <u>themselves</u>. If those industries which limit their production in order to get a profitable price are regimented farmers could regiment themselves. If those professions which restrict entry into the profession in order to raise returns are regimented then farmers could regiment themselves. This is only a tool by which agriculture could copy the self-regulatory methods used by other industries in order to gain equality with these other industries.

6. It has been suggested that this would reduce the status of general farm organizations. I cannot answer this except to suggest that this proposal provides for the farmer procedure to design and initiate his own program and gives him the option of operating and paying for it. If there is any way we can bring more democracy to agriculture I don't know what it is. If any farm organization is opposed to democracy in agriculture than they probably will lose status by standing up and being counted against this program.

7. This program has been criticized because it threatens to raise farm income. We accept that criticism as valid!!

K. SUGGESTED AMENDMENTS

The amendment process has just begun in the Congress. The following are several amendments that have been talked about.

1. Some have suggested the Act should be amended to clearly specify that the Secretary may not initiate a committee until some responsible industry group has come forward to request action.

2. It has been suggested that the Congress must clearly have the right to change any program. The Congress will always have the right to change or do away with any program either by legislating the program out of existence or by legislating an alternative. I believe that if the

Congress were to change a program after a committee of producers had drafted it these changes would undoubtedly be for the good. If proper consumer safeguards were not included in a proposed program the Congress would no doubt wish to effect a change. If an adequate compromise between regions had not been included then the Congress might correct such a deficiency.

3. It has been suggested that in all referendums voting should be on the basis of volume of production as well as numbers of producers. This proposal would certainly strengthen the Act and bring better balance to the industry. For a proposal to carry in a referendum it would have to be satisfactory both to small and to large producers.

4. It has been suggested that the method of selecting committees should be changed to have original program committee chosen directly by producers rather than County ASC Committeemen. Unfortunately during past years producers of livestock, vegetables and specialty crops have not participated actively in the selection of County ASC Committeemen. Therefore, the County Committeemen may not be in the best position to select nominees from these industries. None of these suggested amendments would detract any from the theme of this bill which is (a) <u>producer initiated</u> (b) <u>producer</u>

designed and after approval of the Executive and Legislative branches producer adopted and if the Committee elected producer administered and (5) producer paid for programs.

L. WHAT THE AGRICULTURAL ACT OF 1961 WILL DO

The Agricultural Act of 1961 will not provide a program for any commodity. It will only give farmers the legal right to initiate and design their own program. If the producers in any industry, whether it be soybeans, cattle, turkeys or avacados, do not wish a program under this law then none can be effected.

By making it possible for producers to initiate, design and vote in their own program this Act will bring more democracy to agriculture or as some would say "representative democracy."

By giving agriculture the regulatory tools that other industries use and by making it possible for farmers to choose to operate and pay for their own self-help program this Act will bring self-regulation to agriculture. This Act allows farmers to copy the methods used by other segments of our society. The tools being made available to agriculture have been proven by time and use in other industries. Other trades and professions have proven that quality restrictions are a means of raising income. Other industries have demonstrated by performance that it is sensible to adjust the supply offered to what the market demands.

By having a committee of farmers design programs this Act will bring more economics and less politics into agricultural policy. The experience of the last 23 years both in the Federal Government and in many states has demonstrated that a producer board - when given responsibility - will act in a responsible manner. When given the task of solving problems they make wise decisions. Experience indicates that an industry board does not tend toward extreme position. The average farmer not only wishes to make money to retire from the business itself but most of them wish to see their sons or in-laws continue in farming.

In America we have such an abundance of varieties and types as well as quantities of food that there is tremendous competition between products such as meat and vegetable products. This competition between products is the best assurance that the producers of any commodity operating their own program are not going to price their product out of the market. Producer boards or committees recognize that an unfairly high price will lose markets for their products.

By providing the machinery for farmers to pay for their own economic action this Act will tend to reduce the cost of stabilization in agriculture. Again the expereince of the last 23 years has proven that this is so. Price regulation in 80 milksheds and other types of economic action under 45 Federal Marketing Orders

over the past 23 years has cost the Government very little. All cost of operations are paid for by the industry involved. As any commodity with a Government stabilization program initiates and adopts the self-help type action the cost to the taxpayers is reduced. Leaders in at least two price supported commodities have already indicated their desire to initiate and design a self-help program. This is the case in peanuts and in wheat.

The Cooley-Ellender Bill would allow farmers to receive a proper return in the marketplace. One of the counterproposals to this law is a crop land retirement program. Under a crop land retirement program farmers are paid not to produce on their land. Under the Agricultural Act of 1961 farmers would earn their income from what they do rather than what they failed to do. This Act does not allow farmers to set up an unemployment compensation scheme for themselves. It only gives them a license for hard work. The hard work of designing, initiating, securing approval, voting in, administering and paying for their own economic stabilization.

This Act of 1961 proposes a conservative rather than a liberal approach in that it seeks to conserve and protect the existing way of life in American agriculture and to do so by copying the methods used by other industries rather than designing new methods.

We believe this is a practical program. We believe it easier to give agricultural producers who represent approximately 9% of our population the tools and legal power to copy the methods used by other industries than to attempt to adjust the other 91% of our economy. The task of changing 91% of our economy staggers the imagination. In order to have other people sell their goods and services in the same type of market as farmers sell their products, it would be necessary to do away with all labor unions in America. It would be necessary to change the steel industry from a structure of a few firms to perhaps a hundred or more.

Obviously, to think of reforming the other 91% of our economy is impractical. The self-regulation they have is sensible and workable. We have no criticism of other industries. They have designed a workable system of self-regulation. We believe the best approach to stabilization in agriculture is to give farmers the legal power to determine their own self-regulation to stabilize their industry just as other industries, trades and professions.

I submit to you that anyone who is in favor of more economics and less politics in agricultural stabilization; anyone who believes in representative democracy in agriculture; anyone who has faith that farmers can run their own business if given the legal tools to do so should be in favor of this program.

M. WIDESPREAD OWNERSHIP AND PRIVATE ENTERPRISE TO PROTECT PRIVATE ENTERPRISE IN OUR ENTIRE ECONOMY

Our system of private enterprise with widespread ownership has proven its worth. The wisdom of our forefathers has been demonstrated. The need for preserving this system is self-evident.

If we would protect this system we must continue in business as many individual entrepreneurs in agriculture as is consistent with economic efficiency. The greatest danger to our system is to have too few people personally connected to it. By giving our independent farmers and handlers in agriculture the bargaining strength to maintain themselves in business, we are insuring a greater number of people with a connection with, a kinship to, an interest in and, therefore, an affinity for the private enterprise capitalistic system itself.

Of the countries of the world that have succumbed to socialism or communism in the past few years, none had the system of family farms that we in America have had and yet all were agricultural countries. In all of these countries concentrated ownership of land and other resources was the usual case. The great mass of the people in these countries had no connection with the private enterprise system. I suggest to you that our greatest defense against communism or socialism is to preserve, to protect, to promote this wonderful system of efficient family

we have in America. This system is the strongest thread in the fabric of our society. The Agricultural Act of 1961, by giving farmers the tools to obtain equal bargaining strength with other segments in our society, is a long step forward in preserving our sysyem.

PROTECTING AND PROMOTING THE AMERICAN WAY OF LIFE IN AGRICULTURE

Chairman Meagher, County Committeemen, distinguished guests, colleagues of the Department, and friends:

I am pleased to be asked here today, pleased to associate with those who did so much to make our initial efforts in stabilization successful. I'm encouraged by your attitude toward the work we have to do. I'm motivated by the problems to be worked on, I'm inspired by the leadership Orville Freeman has given us, and I'm enthused with our long range plan to accomplish our mission. That mission being equality of opportunity for farm people in this Nation. Equality that is necessary if our American way of life in Agriculture, that system which has done so much for all of us, is to be preserved. This field is so full of interesting topics that there are many things I could discuss with you here today.

I could talk about the Kennedy Administration's service to Agriculture in the first eight months -- the dramatic move to distribute food to the needy. Our highly successful -- thanks to you -- Feed Grain Program. This piece of legislation which paves the way for equality in Agriculture, the Agricultural Act of 1961 -- the movement of a billion dollars of farm products under Public Law 480 in less than a year -- a meaningful Food for Peace Program to share our blessings of abundance. But this is only history of past accomplishments. A forward progressive group such as this is much more interested in plans for the future.

An address by Dr. James T. Ralph, Assistant Secretary of Agriculture before the Illinois State ASC Committee Members and Office Managers - Springfield, Illinois, January 15, 1962.

I could talk to you about the tremendous team of Administrators and policy-makers John Kennedy has put together in your Department of Agriculture.

Orville Freeman of Minnesota, a man whose dedication is surpassed only by his energy for the task. An outstanding Administrator who is determined to correct the misdirection that has been given to thinking on Agriculture in recent years. A leader who would cause us to think of our capacity to produce in terms of an asset rather than a liability. And a Secretary of Agriculture who has repeatedly recognized and complimented the outstanding job you have done in the front lines of our action programs.

Charles Murphy of North Carolina, a distinguished lawyer skilled in the ways of Government. A man whose sagacity, administrative ability, and soundness of judgment are unexcelled anywhere in the top echelons of Washington.

John Duncan, former President of one of the finest farm organizations in America -- The Georgia Farm Bureau Federation -- a relatively large farmer who is completely devoted to the cause of assisting smaller farmers to share in America's abundance.

Frank Welch, Dean of two Agricultural Colleges in his time and probably the outstanding man of the Land Grant College System of America.

John A. Baker, a hill-country boy from Arkansas who has long served farm people in Washington. A great humanitarian who brings to his post as Director of Agricultural Credit a matchless measure of sympathetic understanding for the problems of farm people.

Willard Cochrane, a great Economist who as Director of Economic Research has shown the rare capacity to shed light while absorbing heat where the basic problems of Agriculture are concerned.

I could discuss the outstanding corps of career servants we have in our Department. We have the finest staff of any Department in Government. Noted not only for their intelligence and ability but more so their dedication, their pride in the industry they serve, and their complete loyalty to the cause of American agriculture.

I could take my whole time on your program today talking about career men who worked up from the ranks to positions of responsible leadership. Men like Horace Godfrey, Red Jacobs, Leonard Hoffman, Carroll McAdam and many others who bring to their offices a wealth of knowledge, experience, and seasoned judgment seldom found in the higher posts of any organization.

Here in the productive heartland of rural America where people still possessed of the rugged pioneer spirit have done so much to set the pattern of our great system and way of life, I believe it especially fitting to talk about the program of the Kennedy Administration to preserve and promote that wonderful system.

WORLDS BEST SOCIAL AND ECONOMIC SYSTEM

When our forefathers began this country they embraced a social and economic system based on two principles. These were:

1. Widespread ownership of productive resources and,
2. Private enterprise with competition.

The wisdom of our forefathers has not been disproven over the years. Our way of life has given us a higher level of goods and services to enjoy than has been enjoyed by any civilization in mankind's history. Even the average working man in America today enjoys a more comfortable life than the upper classes of many other areas. Yet along with an abundance of goods and services our people have time left over for the spirtual and cultural activities of their choice.

B. A REBELLION AGAINST OTHER SYSTEMS

Our founding fathers did not chance upon this way of life by accident. They came here from other areas and had observed other systems. In Europe, at the time our ancestors departed, all land and other resources were owned by only a few families. The fathers of our republic knew of the stifling effect this feudalistic pattern of ownership had upon individual initiative. They had experienced an economic system called mercantilism. In mercantilism the reason for all production was to increase the wealth of the king or other potentate. Such a system smothers both incentive and invention. No man will give his all to his work unless he and his family get a fair share of the fruits of his labor.

The founders of our republic had been exposed to the ideas of a Scotsman named Adam Smith who maintained that, if every man is allowed to pursue his own selfish interest he will produce more goods for the good of all. This is not only the rationale of private enterprise but it is the reason our system has worked so well. Every man has an opportunity to better himself and his family.

C. THE DANGER TO THE SYSTEM.

We believe in this system. Its merits are self-evident. But we are concerned. Our system is not only endangered by alien philosophies from without but it is endangered by imbalances within. That segment of our people which has made the greatest contribution toward our economic well being is not sharing equitably in the bounty they have created.

I speak of the efficient commercial family farmers in America. Our farmers through hard work, thrift, and investment have made possible the economic progress we enjoy. By continually becoming more efficient American farmers have released labor and other resources to other industries to produce the other goods and services we enjoy.

Farmers are not receiving a fair share of what they have made possible. In other industries producers and consumers alike share the benefits of our great system but in agriculture a major portion of the benefits have accrued to the consumer.

The simple fact is that while we as consumers get our foods and fibers at a lower relative cost in America than in any other country -- efficient producers in agriculture are not receiving a return on their capital, their labor and their management consistent with returns being earned by efficient producers in other industries.

D. WIDESPREAD OWNERSHIP IN AGRICULTURE DIFFERENT FROM OTHER INDUSTRIES

Private enterprise leads to efficient production by emphasizing individaul initiative and the profit motive. Widespread ownership insures the polularity of the system by having the maximum number of citizens share the entrepreneurial or risk taking function. Large numbers of property owning citizens gives us stability and our great social strength. (Political and social stability is essential for economic progress in any system.)

Although widespread ownership in agriculture - the family farm system -- is the strongest thread in our system, it also creates problems for farmers. Thousands of independent farmers are unable to regulate production and marketing of their product to obtain a fair price in the market place.

E. INDUSTRY AND LABOR HAVE ENABLING ACTS

Other industries also have widespread ownership. But it creates no serious problem. This is partly because other industries sell non-perishable products. But mostly because other industries can organize efficiently into a small number of firms. Few enough not only to regulate supply but in many cases to administer prices. This is possible only because they have enabling acts.

The corporation laws of the States and the Securities & Exchange Commission Act are enabling acts for industry. If the organizing of corporations were not regulated and if the Securities & Exchange Commission did not supervise the sale and exchange of securities, then it would be impossible for the organizers of industry to amass the capital necessary to operate firms of the size which dominate most manufacturing industries. The thousands of investors (widespread ownership) in American industry would lack the confidence to

invest if these acts did not regulate the formation of corporations and the sale and exchange of securities; and if industry could not secure the capital to organize into a small number of large companies they could not control either the total supply or the price of their products.

Even our laboring people have enabling acts. The Wagner Labor Relations Act and other laws concerning organized labor give skilled and unskilled workers the right to organize together into unions and to bargain collectively for a price on the services they sell.

Many of our trades and professions have enabling acts to allow them to regulate the quality of supply of the services they offer. The medical profession for example has many restrictions to regulate the quality or supply of the services they offer. Regulation of quality also restricts supply and thereby raises the rates that may be charged. Most of the States require bar examinations of anyone who would practice law. This examination tends to improve quality but it also limits the number of lawyers. Even barbers have secured laws to require licensing and sometimes schooling to practice their trade.

All laws which allow a business or profession to regulate itself are enabling acts. Practices which tend to reduce supply also tend to raise incomes. Other business and professions in American have done well by themselves The economic tools they employ are:

1. Promotion to increase demand for their product both on a brand and industry scale;
2. Research to find greater uses for their products;
3. Quality Control to cut down on the supply of goods or services and at the same time increase confidence in its use;

4. Surplus Diversion to divert part of a product to a lower price market or hold a quantity for marketing at a later date.

5. Marketing Quotas to avoid the creation of a surplus.

Why not allow farmers copy these methods.

F. GOVERNMENT ACTION PROGRAMS TO EQUALIZE BARGAINING STRENGTH

Since 1929 the Government has attempted stabilize Agriculture. Programs were operated only for the basics because only in basic crops could we produce a supply greatly in excess of demand. Since 1938 farm prices have been supported by means of nonrecourse loans.

Government action programs have worked well when designed well. They have accomplished their purpose when administered by a friendly administrator.

We believe these programs were and are justified. We believe that efficient producers in Agriculture are entitled to as good a return of their investment, management and labor as efficient producers in other necessary industries; and we believe Government should give farmers the tools to obtain a fair share of the bounty they create. First, an unfriendly administrator can prevent such programs from working as intended by Congress.

Second, during the past few years an increasingly urban public has become less sympathetic toward the problems of Agriculture. As the people of our cities get more and more generations away from the farm, they have less and less sympathy for the problems of the farmer. This expresses itself in a growing reluctance on the part of the Congress to appropriate funds for price stabilization programs.

A third factor, and one often overlooked is that we are attaining the ability to produce more and more farm products in excess of what the market will take at a profit. Therefore, greater and greater demands upon the resources available to the Department of Agriculture to stabilize farm prices may be forthcoming. Already many industries which do not have price support programs and which maintain they do not wish price support programs are asking for greater utilization of Section 32 funds. At the same time many agricultural industries are asking for high tariffs to protect them from import competition. And, with increasing development of the developing nations of the world we can expect a greater drive to export food products to the American market.

The need for an enabling act to give farmers tools to self-regulate themselves was never greater.

G. BILL OF RIGHTS FOR AGRICULTURE

The Kennedy Administration proposed just such an enabling act in the Agricultural Act of 1961. We asked for a "Bill of Rights for Agriculture". Allow farmers to self-regulate themselves as other industries are self-regulated. To have research, promotion, quality control, surplus diversion or marketing quotas.

One tool enjoyed by many industries was not proposed for Agriculture. That is the ability to administer its prices.

H. THE ACT OF '61 AS AGREED TO BY CONGRESS

The Administration's long-range farm program has been enacted by the Congress. Some have the impression that this program was pretty well taken apart. We did not get all that was asked. But we got most of it. This is a tremendously important piece of legislation. It will lead to more effective action to promote and protect American Agriculture. Provisions of the Farmers' Home Administration Credit Program were liberalized. The School Milk Program was continued, Public Law 480 was extended, and two highly significant commodity programs were enacted. Our Feed Grain Program with minor changes was extended, and a similar program was adopted for wheat.

We achieved a breakthrough on a long-range plan for Agriculture. A plan for farmers to set up and operate their own stabilization programs. The marketing agreements act of 1937 has not been substantially amended since it's passage twenty-four years ago.

This Self-Help Law was changed in two respects:

1. Promotion and research were recognized as economic tools available to farmers.
2. Additional commodities not before eligible for self-help porograms were added in this Bill. Cherries, apples, turkeys, turkey hatching eggs, peanuts, cranberries, seed crops and others.

Due, I believe to a great amount of misunderstanding, lambs, honey and other commodities were stricken from this Bill. Some thought that this Bill would set up production controls. This was not the case. Production controls were not proposed. Even marketing quotas were stricken from the Bill early in its consideration.

Others failed to understand this Act would not set up any program for any industry. The procedures of self-help are not generally understood. Marketing orders are always initiated by the industry concerned. They are always designed by industry committees. They can become effective only after public hearing and a referendum of all producers affected. Even after this no action can be taken until a producer nominated board or a committee is selected and recommends action. In this plan the Administration did not propose a program for any commodity. We did propose that farmers have legal authority to copy the methods of other industries.

I. PROCEDURE PROVIDED FOR ADDITIONAL LEGISLATION

The Congress recognized a possible need for additional authority and wisely provided a procedure.

Subtitle A of Title 1 -- "Consulation On Agricultural Programs" -- is the most significant provision of this Act.

Farmers and farm groups may call upon the Secretary of Agriculture to form a committee to consult and advise on additional legislation or administrative programs.

The Department is authorized to pay expenses of commodity committee members.

Committee recommendations will be submitted to the Secretary and to Congress if additional legislation is suggested.

The Congress has not said that additional authority will be provided. But a procedure has been established for industry to initiate action.

The door is wide open. We are prepared to consider any request received from a representative commodity group.

J. MISLEADING CRITICISM

Although this Act would have farmers themselves develop farm program, it has been criticized. By some who maintain they represent farmers.

1. It was said this proposal would give the Secretary too much power. The Secretary already had more power than this Act gives him. The Secretary had the power to support the price of any agricultural commodity at somewhere between 0 and 90% of parity unless the range is further circumscribed by other legislation and the Secretary may exercise this power without consulting anyone in the ind stry or the Congress. This Act dilutes this power and gives producers a larger measure of responsibility for program development.

2. This Act is said to delegate legislative power to the Secretary of Agriculture This does delegate some legislative power to the Secretary. But power no greater than he now has. Secretaries of Agriculture have had considerable legislative power delegated to them since the Smith-Hughes and Smith-Lever Acts were passed.

3. It has been said that producers through a producer board are enabled to exercise legislative power. This is the heart of our plan. Producer boards would be delegated legislative power through the Secretary of Agriculture. Producer boards would be delegated legislative power through the Secretary of Agriculture. Producer boards have exercised such quasi-legislative power under Federal Marketing Orders for twenty-five years and they have done an outstanding job.

4. It has been suggested that this program would cost billions of dollars. This program would cost less than the present price support programs. We cannot say how much, but we can definitely say it would cost less. First, it gives the Secretary more realistic methods of adjusting supply under the wheat and feed grain programs. Second, more commodities are allowed to operate and pay for their own program. As more commodities adopt self-help under this Act, the cost of stabilization will go down. Taxpayers cost of running 80 milk marketing orders and 42 fruits and vegetables orders is insignificant compared with cost of the Soil Bank and Price Supports Programs.

5. It has been suggested that this would regiment Agriculture. If and only if other industries, trades and professions are regimented, then this Act would indeed allow farmers to regiment themselves. There is nothing compulsory in this Law. It merely gives more farmers the right to organize, and if they wish, to run (by a producer handler board) and pay for their own program. If copying the methods used in the remainder of the American economy is regimentation then farmers would be allowed to regiment themselves.

6. This program has been criticized because it threatens to raise farm income. We accept that criticism as valid." " "

Under the self-help provisions of the Agricultural Act of 1961, farmers would earn their income from what they do rather than what they failed to do. This does not provide farmers a tailor made solution to their economic problems. It only gives them a license for hard work. The hard work of designing, initiating, securing approval, voting in, administering and paying for their own economic stabilization.

This Act of 1961 proposes a conservative rather than a liberal approach. It seeks to conserve and protect the existing way of life in American Agriculture and to do so by copying methods proven by other industries rather than by designing new methods.

We believe this is a practical program. We believe it easier to give farmers who are 9% of our people the power to copy other industries than to attempt to reform the other 91% of our economy.

The task of changing 91% of our economy staggers the imagination. To think of reforming the other 91% is impractical. The self-regulation they have is sensible and workable. We have no criticism of other industries. They have designed a workable system of self-regulation. We believe the best approach to stabilization in Agriculture is to give farmers the legal power to join the mainstream of the American economy by acting as other industries act.

I submit to you that anyone who is in favor of more economics and less politics in agricultural stabilization; anyone who believes in representative democracy in Agriculture; anyone who has faith that farmers can run their own business if given the legal tools to do so should be in favor of this program.

Our system of private enterprise with widespread ownership has proven its worth. The wisdom of our forefathers has been demonstrated. The need for preserving this system is self-evident.

If we would protect this system we must continue in business as many individual entrepreneurs in Agriculture as is consistent with economic efficiency. The greatest danger to our private enterprise system is to have too few people personally connected with it. By giving our independent farmers and handlers in Agriculture the bargaining strength to maintain themselves in business, we are insuring a greater number of people with a connection with, a kinship to, an interest in, and therefore, an affinity for the private enterprise capitalistic system itself.

Our farmers have achieved for us the dream that men have sought throughout the centuries. To be able to produce more food than is needed. American farmers produce not only enough food and fiber for our own needs but also vast quantities to help supply the needs of millions throughout the world. This is an achievement of far greater consequence than putting a man in space. Meat, milk, poultry, fruits and vegetables in the hand are far closer to man's basic needs than a star in the sky. There is no better propaganda in all the world than the success story of American Agriculture.

I suggest to you that our greatest defense against communism or socialism is to preseve, to protect, to promote this wonderful system of efficient commercial family farms we have in America. This system is the strongest thread in the fabric of our society. The Agriculture Act of 1961, by giving farmers the tools to obtain equal bargaining strength with other segments in our society, is a long step forward in preserving our system.

EQUALITY FOR AGRICULTURE

Ladies and gentlemen, I am pleased to be with you in Atlanta today for the 15th Annual Convention of your Association.

I am pleased to be here because I have from my early days in Tennessee enjoyed every chance to visit Atlanta.

In this age of emphasis on efficiency, it is also rewarding to meet with people engaged in the most efficient of all agricultural industries.

As you may have heard, recent circumstances made it impossible for me to meet with some other poultry groups. If anything had happened to my plane today, I believe I would have walked to Atlanta to keep this engagement.

The poultry industry is a model of efficiency. I know of no other segment of our dynamic economy that can even come close to matching you.

It is unfortunate that our economy has not served you as well as you have served our economy. In recent months you have subsidized consumers of your high quality product to the tune of millions of dollars, and I don't blame you for complaining.

There are some who blame Government programs for the economic ills of agriculture, but you know that 10 cent broilers could not be charged to Government controls.

Address by Dr. James T. Ralph, Assistant Secretary of Agriculture before the Southeastern Poultry and Egg Association - Atlanta, Georgia - January 31, 1962.

There are some who say that efficiency is the answer, but you know that in your industry efficiency has been unrewarding.

There are some who cite the fact that we have a full year's supply of wheat as evidence of the evils of Government programs, but how do they explain a year's supply of ryegrass or fescue without regulation?

The plain, unvarnished truth is we have the capacity to produce more than we need without the ability to manage the results of our phenomenal efficiency.

There are almost as many solutions as there are porblems. One group says we should set up an unemployment compensation program for farmers -- pay them for land retirement -- but how do you pay a man to retire part of his poultry house?

I prefer to believe that freedom - loving American farmers want to produce the commodities of their choice -- do the job they can do best -- and all they ask is equitable treatment in the market places of our economy.

How, then, do you maintain freedom for the individual and at the same time offer him a chance for equality in our competition for profit?

EQUALITY OF ECONOMIC OPPORTUNITY FOR AGRICULTURE

Ladies and gentlemen, I am pleased to be with you in Monmouth this evening for the meeting of one of the most dynamic and progressive organizations in America.

I am pleased to be here because Illinois is one of our greatest producers of agricultural abundance and has a strong voice in farm councils.

It is also a privilege to speak in the home State of one of our Nation's outstanding Directors of Agriculture, my good friend, Ralph Bradley.

I assure you that my year with the New Frontiers in Washington makes me feel completely at home with the Junior Chamber of Commerce and the Outstanding Young Farmer of Illinois.

In this age of emphasis on efficiency, it is also rewarding to meet with people interested in agriculture, our most efficient industry.

It is unfortunate that our economy has not served American agriculture nearly as well in recent years as agriculture has served our Nation.

Address by Dr. James T. Ralph, Assistant Secretary of Agriculture before the Illinois Junior Chamber of Commerce, Monmouth, Illinois, February 10, 1962.

American farmers have in the last decade produced an abundance of food and fiber for less than a fair price. Farm people have been accused of accepting a subsidy, while the facts of our economy relate that it has been the consumers who got the benefit.

There is no place on earth where people eat as well as we do. Nor is there anyplace where they eat at such relatively low cost.

There are some people who criticize the productive capacity of American agriculture but who suggest no constructive solution.

Others contend that efficiency is the answer, but you know that in agriculture efficiency has been unrewarding.

There are those who condemn our agricultural surpluses, and then condemn realistic efforts to balance supply with demand.

There are almost as many solutions as there are problems.

One group says we should set up an unemployment compensation program for farmers -- pay them for land retirement -- but how do you pay an Illinois farmer to retire part of his hog production or a section of his feed lot? Land retirement offers little to the livestock producer.

We prefer to believe that freedom-loving American farmers want to produce the commodities of their choice -- do the job they can do best -- and all they ask is equitable treatment in the market places of our economy.

How, then, do you maintain freedom for the individual and at the same time offer him a chance for equality in our competition for profit?